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PRIVATIZED FAMILY HOUSING

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This instruction implements Department of Defense (DoD) Manual 4165.63-M, *DoD Housing Management*, September 1993, and Air Force Policy Directive (AFPD) 32-60, *Housing*. It must be used together with Air Force Instruction (AFI) 32-6001, *Family Housing Management*, AFI 32-6002, *Family Housing Planning, Programming, Design and Construction*, AFI 32-6003, *General Officer Quarters*, AFI 32-7061, *Environmental Impact Analysis Process (EIAP)* as promulgated at 32 CFR 989, and AFI 32-6004, *Furnishings Management*. All portions of AFI 32-6001 apply except as noted in this instruction. State laws and existing transaction documents between the Air Force and the successful offeror (SO) may override requirements of this instruction. Installations with privatized housing (PH) agreements established before the publication of this instruction are exempt from its requirements upon request and approval by The Office of the Civil Engineer, Housing Division (HQ USAF/ILEH). This instruction does not apply to the Air National Guard (ANG) and Air Force Reserve (AFRES) except when on active duty. Ensure that all records created as a result of processes prescribed in this publication are maintained in accordance with AFMAN 37-123, *Management of Records*, and disposed of in accordance with the *Air Force Records Disposition Schedule (RDS)* located at <https://webrims.amc.af.mil/>.

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Chapter 1

ROLES AND RESPONSIBILITIES

1.1. The Office of the Secretary of the Air Force (SAF).

1.1.1. Deputy Assistant Secretary of the Air Force, Installations (SAF/IEI). SAF/IEI provides the Air Force-level program and project approval and is the principal interface with the Office of the Secretary of Defense (OSD) and Congress on Air Force Military Housing Privatization Initiatives (MHPI). SAF/IEI coordinates on project submittals throughout the process. SAF/IEI has project approval authority from the Assistant Secretary for Installations, Environment, and Logistics (SAF/IE) through Secretary of the Air Force Orders (SAFOS) and may delegate some or all of this authority on an individual project basis. SAF/IEI notifies the House and Senate Armed Services Committee and authorizing committees of the intent to solicit and award an MHPI and also gives approval prior to closing. As the Chair of the Air Force Housing Executive Steering Group (ESG), SAF/IEI is responsible for conveying a single Air Force voice before Congress, OSD, and the other Uniformed Services. Changes to privatized housing (PH) Transaction Documents must be negotiated with the Successful Offeror (SO), coordinated by the installation commander, the MAJCOM, HQ AF/ILEH and approved by SAF/IEI. Material changes to the Transaction Documents must be negotiated with the SO, coordinated by the Installation Commander, and approved by SAF/IEI, or a delegate.

1.1.2. The Deputy Assistant Secretary of the Air Force for Environment, Safety, and Occupational Health (SAF/IEE) determines the level of environmental analysis required for especially important, visible, or controversial Air Force proposals consistent with AFI 32-7061, *Environmental Impact Analysis Process*, as promulgated at 32 CFR 989.

1.1.3. Office of the General Counsel of the Air Force (SAF/GC) has primary responsibility for providing legal policy and advice in support of MHPI projects. This responsibility includes the development and approval of legal policy and guidance, training requirements, and transaction documentation. The Real Property Office of the Deputy General Counsel (Installations and Environment) (SAF/GCN-RPO) has primary responsibility for day-to-day management of the real estate and transactional legal services supporting MHPI projects. The RPO includes the Legal Division of the Air Force Real Property Agency and Legal Division of the AFCEE Family Housing Privatization Center of Excellence, which is dedicated solely to the support of MHPI projects. SAF/GCN-RPO ensures that an Air Force attorney with appropriate experience and skills is assigned to participate throughout each MHPI project. SAF/GCN is a member of the Executive Steering Group and is responsible for ensuring that MPHPI projects receive timely and comprehensive legal support. The Deputy General Counsel (Acquisitions) (SAF/GCQ) has primary responsibility for legal policy advice regarding the MHPI acquisition and selection strategy and execution. SAF/GCQ serves as an advisor to the Executive Steering Group.

1.1.4. Deputy Assistant Secretary of the Air Force for Budget (SAF/FMB). SAF/FMB is responsible for Air Force-level program financial management. SAF/FMB provides major commands (MAJCOMs) with budget policy and guidance and supports formal Office of Management and Budget (OMB) scoring determination. Additionally, SAF/FMB supports the project execution process by:

1.1.4.1. Reviewing and approving programming documents.

1.1.4.2. Submitting yearly MHPI program budgets to Congress.

1.1.4.3. Participating in the ESG.

1.1.4.4. Providing congressional notifications to appropriations committees.

1.1.4.5. Notifying the Office of the Under Secretary of Defense Comptroller, Directorate for Program and Financial Control (OUSD(C)/P&FC) of proposed project funds transfers.

1.1.4.6. Obtaining OUSD(C) Directorate of Military Construction funding authorizations prior to closing.

1.1.5. Deputy Assistant Secretary of the Air Force for Cost and Economics (SAF/FMC). SAF/FMC establishes Air Force policy and procedures for economic and financial analyses related to privatized housing (PH) programs. SAF/FMC assists in developing evaluation criteria for Air Force PH projects and oversees financial aspects of portfolio management. SAF/FMC reviews and coordinates on economic and financial analyses certified by MAJCOMs. SAF/FMC is also a member of the ESG.

1.1.6. Executive Steering Group (ESG). Air Force Housing Executive Steering Group (ESG). The ESG is jointly responsible with the Office of the Secretary of Defense, Housing and Competitive Sourcing, OSD (H&CS), for development and oversight of the multi-year program of PH Projects.”

1.1.6.1. Its specific functions include:

1.1.6.1.1. Establishing PH policy and resolving program issues

1.1.6.1.2. Approving process guidelines for implementing the privatization program

1.1.6.1.3. Approving criteria for identifying and integrating candidate projects

1.1.6.1.4. Advocating Air Force projects through OSD (H&CS) for OSD approval

1.1.6.1.5. Advocating use of Air Force and DoD resources to fund privatization efforts

1.1.6.1.6. Overseeing and ensuring the necessary support to the integrated process team (IPT) and the MAJCOM and base teams as needed to execute projects.

1.1.6.1.7. Reviewing performance standards to monitor progress of housing privatization transactions.

1.1.6.1.8. Reviewing and reporting progress of privatization projects to the Air Force Board and OSD. The ESG will review a privatization project six times in its development: FY program review, concept approval, solicitation Highest Ranked Offeror (HRO), dry run for the Selection Authority (SA) briefing, as advisors to the SA during the selection briefing and the approval briefing to OSD

1.1.6.1.9. Approves the PH Request for Proposal (RFP) template and subsequent changes to the template.

1.1.6.2. The ESG is comprised of the following members:

1.1.6.2.1. Deputy Assistant Secretary of the Air Force for Installations (SAF/IEI)

1.1.6.2.2. The Air Force Civil Engineer (AF/ILE)

1.1.6.2.3. Office of the General Counsel of the Air Force, Installations and Environmental Law (SAF/GCN)

1.1.6.2.4. Office of the General Counsel of the Air Force, Acquisition Law (SAF/GCQ)

- 1.1.6.2.5. Deputy Assistant Secretary of the Air Force for Contracting (SAF/AQC)
- 1.1.6.2.6. Deputy Assistant Secretary of the Air Force for Cost and Economics (SAF/FMC) and Deputy Assistant Secretary of the Air Force for Budget (SAF/FMB)
- 1.1.6.2.7. The Air Force Judge Advocate General (AF/JA)
- 1.1.6.2.8. The Air Force Center for Environmental Excellence (AFCEE)

1.2. The Chief of Staff of the Air Force (CSAF). The CSAF approves the Air Force privatization program as part of the Family Housing Master Plan (FHMP), which provides the direction and vision for Air Force housing programs.

1.3. The Air Force Civil Engineer (AF/ILE). AF/ILE provides policy and oversight for planning, programming, budgeting, and execution of the Family Housing Master Plan (FHMP) and implementation and oversight of the MHPI.

1.3.1. Air Force Housing Division (AF/ILEH). AF/ILEH establishes policy and provides oversight of requirements for MHPI accomplished through development of the FHMP and inputs to Future Year Defense Program (FYDP). AF/ILEH provides policy and support throughout the MHPI identification, definition and acquisition and operation process. This includes review and support of project submittals, reports, project plans, privatization support funding (P727), briefings, notifications, and solicitation and acquisition documents. AF/ILEH also provides housing management policy and direction, including guidelines for interface between military family housing and the successful offeror (SO).

1.3.2. Air Force Readiness and Installation Support Division (AF/ILEX). AF/ILEX coordinates issues pertaining to utilities privatization, manpower, and infrastructure requirements in housing.

1.3.3. Air Force Housing Privatization Integrated Process Team (AFIPT). AFIPT is chaired by AF/ILEH and chartered to develop and maintain a program of private-sector-financed projects using the MHPI authorities.

1.3.3.1. The AFIPT:

- 1.3.3.1.1. Addresses program and policy issues.
- 1.3.3.1.2. Defines criteria for identifying projects.
- 1.3.3.1.3. Develops Air Force Housing Privatization initiatives to satisfy AF Housing requirements.
- 1.3.3.1.4. Advocates use of Air Force and DoD resources to fund privatization efforts.
- 1.3.3.1.5. Advocates Air Force projects for OSD and congressional approval.
- 1.3.3.1.6. Monitors and supports acquisition teams in the field.
- 1.3.3.1.7. Assists MAJCOMs in conducting feasibility analyses at specific installations and validating project requirements.
- 1.3.3.1.8. Applies performance standards to monitor progress and results in use of utility privatization authorities.
- 1.3.3.1.9. Monitors and supports long-term project management activities.

1.3.3.2. AFIPT membership includes:

- 1.3.3.2.1. The Office of the Civil Engineer, Housing Division, Housing Operations Branch (AF/ILEHO).
- 1.3.3.2.2. The Office of the Civil Engineer, Housing Division, Program Management Branch (AF/ILEHM).
- 1.3.3.2.3. The Office of the Civil Engineer, Housing Division, Program Development Branch (AF/ILEHD).
- 1.3.3.2.4. The Air Force Real Property Agency (AFRPA).
- 1.3.3.2.5. The Directorate of Services (AF/ILV).
- 1.3.3.2.6. The Office of the Civil Engineer, Environmental Division (AF/ILEV).
- 1.3.3.2.7. The Director of Personnel Resources, Compensation and Legislation Division (AF/DPRC).
- 1.3.3.2.8. The Air Force Judge Advocate General (AF/JA)
- 1.3.3.2.9. The Deputy General Counsel of the Air Force, Installations and Environmental Law (SAF/GCN) and Deputy General Counsel of the Air Force, Acquisition Law (SAF/GCQ).
- 1.3.3.2.10. The Deputy Assistant Secretary of the Air Force (Contracting), Contracting Operations Division (SAF/AQCK).
- 1.3.3.2.11. The Deputy Assistant Secretary of the Air Force for Financial Management Cost (SAF/FMC) and Budget (SAF/FMB).

1.4. The Air Force Judge Advocate General (AF/JA). AF/JA is responsible for supporting housing privatization by providing advice, service and liaison regarding the project design and source selection process and on operational legal issues arising out of privatization projects to the ESG and the Staff Judge Advocates (SJAs) for the MAJCOMs. The MAJCOM SJAs will be primarily responsible for the day-to-day management of legal issues regarding housing privatization for installations within their area of responsibility. Advice regarding housing privatization issues will be consistent with guidance previously issued by SAF/GCN and SAF/GCQ or coordinated through those offices. AFLSA/JACN represents AF/JA on the ESG.

1.5. Air Force Center for Environmental Excellence (AFCEE). AFCEE is the lead execution agent for MHPIs, with responsibilities that include project definition, acquisition, and operations. AFCEE has been delegated responsibilities as the AF Portfolio Manager by SAF/FM with concurrence by the AF/ILE. The Air Force Civil Engineer has also designated AFCEE as the Air Force Family Housing Privatization Center of Excellence.

1.5.1. Develops and executes contracts to provide Privatization Support Contractors (PSC), Environmental Baseline Surveys (EBS), site surveys, geotechnical reports, metes and bounds surveys, property appraisals, and other items as required. AFCEE is available to provide contract support to the proponent of the action in developing EIAP documents.

1.5.2. Co-chairs Project Development Team (PDT) and Acquisition Support Team (AST) with the MAJCOM. Serves as contracting officer of record for the PSCs and coordinates all AFCEE MHPI contracts. Inform PDT participants about the unauthorized disclosure of source selection or proprietary information, conflict of interest, financial disclosure, and other Government ethics requirements.

1.5.3. The MHPI Portfolio Manager performs the roles and responsibilities delegated by SAF/FM and assigned by AF/IL. The Portfolio Manager executes all processes, procedures, and activities to ensure the AF maintains the appropriate oversight and control of all MHPI projects, including; recommendations for policy or process changes that must be approved by the ESG, document management, monitoring, evaluation, reporting, and funds management. The Portfolio Manager will identify problems and assist with resolution. The Portfolio Manager will assist the Installation Commander, as required, in approval of the SO's annual budget and resolution of any Transaction Document disputes.

1.5.4. Provides oversight of and direction to all training programs in support of the Air Force HP Program.

1.6. Major Commands.

1.6.1. The MAJCOM will identify, develop, acquire, execute, and manage installation MHPs. The MAJCOM will submit budgetary requirements during AF/ILEH data calls and report any additional requirements to AF/ILEH.

1.6.2. The MAJCOM supports the installation throughout the process, including conducting site visits, developing and submitting project information and plans, approving and reporting schedules and progress to AFCEE and AF/ILEHM, obtaining the authority to advertise and close projects, and resolving conflicts. It also provides oversight, support, and guidance, as necessary, to the installation before, during, and after project closing. For MHPI execution activities prior to transaction closure, the MAJCOM is the lead for requesting approvals from the CSAF, the ESG, and the Deputy Under Secretary of Defense for Installations and Environment (DUSD [I&E]) through ILEHM and will also present the project at high-level briefings through AF/ILEHM. Following transition, the MAJCOM will support the installation in the execution to the transaction. Support includes, but is not limited to, review of the installation's PEP submittal, approval of reinvestment account expenditures, and functional expertise.

1.6.3. The lead office within the MAJCOM is the Civil Engineer Directorate (MAJCOM/CE). The MAJCOM/CE is responsible for establishing procedures that comply with 32 CFR 989 when they are the host unit for preparing and using required EIAP documentation in decisions about proposed actions within their MAJCOM. The MAJCOM/CE plays a significant role in three working-level teams. Support throughout the MAJCOM staff to these teams is integral to the success of an MHPI. The MAJCOM CE Project Manager co-chairs the PDT and AST with AFCEE. Instruct the PDT participants about the unauthorized disclosure of source selection or proprietary information, conflict of interest, financial disclosure, and other Government ethics requirements. These teams include:

1.6.3.1. Project Development Team (PDT) during the project development phase

1.6.3.2. Acquisition Support Team (AST) during the project acquisition phase

1.6.3.3. Management Review Committee (MRC) during the project management phase

1.6.4. If Selection Authority has been delegated from SAF/IEI to the MAJCOM Commander, the Commander may in turn delegate SA to the Vice Commander. The Vice Commander may further delegate approval of submittals and procedures leading up final source selection to the MAJCOM Civil Engineer. For NEPA purposes, decision making authority cannot be delegated lower than as defined in AFI 32-7061, without authorization.

1.7. Installations.

1.7.1. Installation Commander:

- 1.7.1.1. Responsible for all housing programs supporting their installations, including PH.
- 1.7.1.2. Establishes installation teams to define, acquire, and manage the installation MHPI.
- 1.7.1.3. Ensures all responsible agencies support Base Civil Engineering in the acquisition, operations, and long-term management of the MHPI.
- 1.7.1.4. Establishes an MRC for PH, chairs the committee (responsibility may be delegated no lower than the mission support group commander), and approves local policies and procedures.
- 1.7.1.5. Ensures that a functional area staff (FAS) is assigned to provide oversight of PH.
- 1.7.1.6. Approves local processing requirements for referrals to PH and FH including any guidance for managing the family housing (FH) waiting list to ensure it is consistent with the transaction documents and AFI 32-6001, if applicable.
- 1.7.1.7. On a case-by-case basis, approves movement from PH to FH or FH to PH (approval authority may be delegated no lower than the housing flight chief).
- 1.7.1.8. Approves base-level Program Evaluation Plan (PEP) inputs.
- 1.7.1.9. Approves the annual operational, maintenance, and reserve budgets submitted by the SO.
- 1.7.1.10. Approves changes, with the assistance of the AF Portfolio Manager, to the Operating Agreement that do not affect the material provisions of the Lease of Property or the Use Agreement.
- 1.7.1.11. Resolves, with the assistance of the AF Portfolio Manager, transactional disputes with SO in accordance with the transaction documents.
- 1.7.1.12. Approves the SO's PH housing brochure and proposed media releases related to the PH program.

1.7.2. Base Civil Engineer (BCE):

- 1.7.2.1. Ensures sufficient resources are available to develop, acquire, and manage the installation's PH.
- 1.7.2.2. Responsible for the installation's Asset Management programs.
- 1.7.2.3. Reviews the installation's PEP submissions.
- 1.7.2.4. Serves as a member of the installation's MRC.
- 1.7.2.5. Develops and updates reimbursable costs for fire protection annually as set forth in the project transaction documents.

1.7.3. Security Forces (SF) Commander:

- 1.7.3.1. Provides security, force protection, and police services for PH in accordance with applicable jurisdictions and the project transaction documents.
- 1.7.3.2. Develops and updates reimbursable costs for security and force protection annually as identified in project solicitation documents or as set forth in the negotiated project transaction documents.

1.7.3.3. Develops police service costs estimated on an annual basis. Reimbursement timeframes and procedural requirements shall be set forth in the project solicitation and transaction documents. It is desired reimbursements to the Government will be on a monthly basis using appropriate reimbursement processes.

1.7.4. Office of the Staff Judge Advocate

1.7.4.1. Provides legal support to the PDT, AST and Installation Commander for the program development, solicitation and long-term management of an installation's privatized housing initiative.

1.8. Selection Authority (SA). The SA is responsible for the proper and efficient conduct of the selection process and has authority to make the selection decision. The SA resides with the SAF/IEI but may be delegated, in writing, to the MAJCOM commander (MAJCOM/CC) and then to the MAJCOM vice commander (MAJCOM/CV). It may not be delegated below the MAJCOM/CV level. The SA will:

1.8.1. Approve appointment of advisors and AST members.

1.8.2. Approve the Selection Plan (SP) or Competition Plan (CP).

1.8.3. Inform AST participants about unauthorized disclosure of source selection or proprietary information, conflicts of interest, financial disclosure, and other Government ethics requirements.

1.8.4. Select the proposal that has the best value for the Government.

1.8.5. As the EIAP proponent, ensure compliance with 32 CFR 989 and AFI 32-7061.

1.9. Management Review Committee (MRC). The MRC is an advisory body consisting of tenants, the SO, and the Government to review issues impacting the ongoing management of PH for the transaction term as identified in the transaction documents and forward a proposed solution to the installation commander for approval. The MRC cannot be delegated any approval authority to include changes to the transactional documents or operational budgets. That authority rests with the installation commander. Membership should include (as a minimum) the installation commander or his designee (chair), BCE, housing flight chief, asset manager, base project manager, base legal office, contracting office, tenant representatives, command chief master sergeant, and SO's representatives. The installation commander can direct other functions within the wing to support the MRC as required. The MRC will:

1.9.1. Review and propose policies and procedures for operating the MRC.

1.9.2. Meet at least quarterly. Smaller working groups may be formed on an ad hoc basis to work on specific issues related to PH.

1.9.3. Review the annual PEP using data provided by the SO and the housing flight chief. This report should contain information regarding the status of PH and may include occupancy rates, customer satisfaction performance measures, and other pertinent information as required by Air Force, MAJCOM, or installation leadership.

1.9.4. Review the PH SO's housing brochure and proposed media releases related to the PH program.

1.9.5. Review proposed modifications to the operating agreements and PH tenant lease form.

1.9.6. Review the SO's annual operating, capital replacement reserve, and reinvestment budgets, to determine if contents are correct and appropriate. The budgets presented may include expenditures of

funds for new amenities or initiatives. Findings from the budget review are forwarded to the installation commander for approval. Any disputes arising from the budgetary review are resolved in accordance with the project's transaction documents. Typically, dispute procedures are located in the Lease of Property or Use Agreement.

1.9.7. Review the SO's Extraordinary Costs and Expenditures report to identify anomalies and suggest recommendations for prudent funds usage.

1.9.8. Solicit PH eligible military members for membership on the MRC and recommend selected members to the installation commander.

1.9.9. Review vacancy shortfalls and waterfall implementation (priority of referrals) as identified in the transaction documents and paragraph 4.2.15.3.5. of this instruction.

1.9.10. Review any proposed changes to the project demographics and referral procedures.

1.10. Housing Management Staff. The housing management staff is responsible for:

1.10.1. Budget and authorize expenditures applicable to oversee PH. Review SO's Extraordinary Costs and Expenditures report and present the results to the MRC.

1.10.2. Determine an applicant's eligibility for PH and provide referrals to the SO and ensure that Privacy Act (Section 552a of Title 5, United States Code [U.S.C.]) requirements are met when making the referral (AFI 33-332, *Air Force Privacy Act Program*).

1.10.3. Ensure that applicants are briefed on PH opportunities, responsibilities regarding tenant liability and procedures for maintenance and repair (M&R) of their units during occupancy. As a minimum, the tenant briefing should include information on housing categories and referral policies; utility payments, including benefits of utility conservation; insurance options; self-help limitations or allowances; allotment procedures; annual allotment adjustments; lease requirements; grievance policy; impact of drawing Basic Allowance for Housing (BAH) on supplemental entitlements, such as the requirement for the housing office to certify PH occupancy for federal food, school lunch and other related programs; any additional entitlements; and other applicable local issues.

1.10.4. Assist eligible military members in preparing and submitting funds allotments at initial occupancy of PH and when adjustments are necessary.

1.10.5. On a case-by-case basis at the installation commander's direction, refer other residents on the list in paragraph 4.2.15.3.5., for occupancy of vacant units not required by eligible referrals, even when more than 95 percent of the units are occupied (see Terms, Hardships). Actions must be in accordance with the project's transaction documents or changes to the documents must be staffed to the appropriate level, usually, SAF/IEI.

1.10.6. Review and become familiar with the terms used in the installation PH documents.

1.11. Functional Area Staff (FAS). Housing positions identified on the Unit Manning Document as inherently governmental and further identified with reason code (RSC code) "E." FAS positions were initially distributed to major commands through Manpower Change Control Number 84RCZFAS. Housing FAS positions are assigned to functional account (FAC) code 44EHFA. Only GS 1173 series career positions may be assigned to this FAC as housing FAS. FAS positions provide technical guidance to installation leadership; are excluded from competitive sourcing; and do not include daily operation of the Housing Flight. The FAS performs inherently governmental duties such as, but not limited to, general

officer quarters management, master plans, community housing referral, contract preparation and oversight, and oversight of the budget and furnishings management operations.

The FAS has the responsibility to administer the installation's PH program. The FAS is synonymous with Asset Management team. The FAS Manager serves as the Installation Asset Manager and has the responsibility to:

- 1.11.1. Ensure compliance with transaction documents.
- 1.11.2. Oversee budget requirements and execution of PH.
- 1.11.3. Perform Asset Management functions for oversight of project operations.
- 1.11.4. Ensures that the SO provides an installation-specific brochure in accordance with the transaction documents. Provides the SO any changes in Air Force housing brochure development policy.
- 1.11.5. Monitor PH to ensure that units are distributed to the target demographics as identified in the transaction documents and approved modifications to target demographics as required.
- 1.11.6. Validate and staff any recommended changes to the SO's proposed utility allowance to the installation commander for approval.
- 1.11.7. Provide the SO, as required, access to Civil Engineering and other approved AF computer systems and programs for data retrieval and input of information on items such as referral, tenants and upward reporting. Background checks for users of any of these systems may be required by AFSSI 5027.
- 1.11.8. Assist AFCEE in performing installation-specific portfolio management duties related to PH (e.g., obtaining required documents, compliance testing, performance verification, and the PEP). Efforts will include, but are not limited to collecting, reviewing, and providing portfolio management documents (e.g., budgets, certified financials, insurance policy certification, MRC minutes, demographic information) to AFCEE as identified in the transaction documents.
- 1.11.9. Measure tenant satisfaction concerning PH property management practices, policies and processes, and M&R of housing units. Review and track surveys conducted by the SO at least annually and keep tenant responses anonymous. All surveys will be conducted in accordance with guidance and templates issued by the AF Portfolio Management Office. SO survey requirements shall be specified in the project solicitation and transaction documents.
- 1.11.10. Provide oversight of the SO quality control program.
- 1.11.11. Perform quality oversight of inspections on approximately 10 percent of units in a typical year.
- 1.11.12. Ensure that the design and construction identified in the capital repair and replacement plan is accomplished.
- 1.11.13. Provide administrative and logistical support for the MRC on a quarterly basis, e.g., schedule meeting space, research issues/concerns, prepare minutes and track action items.
- 1.11.14. Review SO-generated media releases prior to publication to ensure accuracy about the PH or contractor-operated housing function and forward them to the MRC (see [1.8](#)).
- 1.11.15. Review the SO tenant lease form for compliance with transaction documents, as amended.
- 1.11.16. Review and become familiar with the terms used in the installation PH documents.

1.11.17. Ensure that the project solicitation and transaction documents require the SO reimburse the tenant for telephone, internet, and cable reconnection and reinstallation fees when the SO directs a move.

1.11.18. Ensure that the SO pays for moving expenses and non-temporary storage for the tenant when the SO directs a move out of PH if for the convenience of the SO. Costs associated with an eviction and other move associated with the tenant's failure to adhere to the terms of the tenant lease will be that tenant's responsibility unless government funding is authorized by the installation commander.

1.11.19. Conduct periodic compliance reviews for the project. This function may involve direct and indirect verification of certain compliance items as well as coordinating the efforts of legal, engineering, environmental, and other installation functions, as applicable, to ensure timely and accurate reporting to the Air Force Portfolio Manager. Maintain records adequate to demonstrate compliance.

1.11.20. Provide FH and PH waiting list data, demographic data, annual survey results, construction summaries (units in service and issuance of certificates of completion), and other information that may be determined to be necessary as of the end of each calendar quarter to the Air Force Portfolio Manager.

1.11.21. Review and track surveys conducted by the SO or AFCEE. Surveys will be conducted in accordance with guidance issued by AFCEE's Portfolio Manager.

Chapter 2

CONCEPT DEVELOPMENT

2.1. Project Feasibility Determination

2.1.1. Prior to the CSAF approval for the start of PH Project development a series of project criteria are checked to determine if a proposed installation's housing is a candidate for privatization. The requirements stem from both statutory and OSD-level guidance and a project must meet or exceed all of the requirements before approval is granted. These criteria are again checked at the OSD concept approval and prior to congressional notification for award.

2.1.2. The criteria include:

2.1.2.1. The life-cycle cost of a project must be equal to or less for privatization than a traditional military construction and management approach. The current SAF/FM policy for life cycle costing for a housing privatization project can be found at the website in attachment [A3.2](#).

2.1.2.2. The government's participation in a MHPI can not exceed 80% of the total value of the project in a debt transaction or 33% (cash investment)/ 45% (land or facilities investment) in an equity transaction in accordance with the law. The participation amount includes both the value of the housing conveyed and any scoring required supporting the project.

2.1.2.3. The amount of the government direct loan, if authority is utilized, should be less than the proposed SO's private loan amount(s). HQ AF/ILEH, SAF/FMC and OSD will consider an exception to this criterion on a case-by-case basis.

2.1.2.4. The leverage calculation (equivalent military construction cost of a project divided by the amount of scored dollars required for the project) should be equal to or greater than 3 to 1; however, HQ AF and OSD will consider candidate projects with a leverage ratio less than 3 to 1 on a case-by-case basis.

2.1.2.5. Final scoring reports shall be submitted to HQ USAF/ILE and SAF/FMC no later than 10 duty days after completion of negotiations and closing of a housing privatization transaction. HQ USAF/ILEH and SAF/FMC shall approve any changes to the loan terms of a project during negotiations or redistribution of proceeds prior to signing the final closure documents.

2.2. Site Visits.

2.2.1. Installations and MAJCOMs will work with the PSC's via AFCEE, to schedule visits to meet project milestones.

2.2.2. Installations and MAJCOMs will maximize IPT participation during the PSC and AFCEE visits to ensure that visit objectives are achieved and the project meets installation requirements.

2.2.3. The Air Force will provide timely Government-furnished materials and comments on PSC deliverables.

2.3. Program Adjustments.

2.3.1. Projects approved in the FHMP will be executed in the fiscal year of appropriation and will not be accelerated or deferred without specific approval of the AF/ILE. Once the DD Form 1391 is pro-

vided to Congress for authorization and appropriation, projects will be subject to military construction (MILCON) procedures for scope, cost changes, and approvals. After OSD concept approval, no substantive changes shall be made to a project's scope or scoring without written approval from HQ USAF/ILEH, ILE or IEI per published guidelines, reference AF/ILE ltr of 17 Nov 03. This approval must be obtained prior to the issuance of any substantive solicitation amendments that modify the scope of the project. Congress will be notified of changes to the projects when the congressional notification of intent to solicit is issued.

2.3.2. The DD Form 1391 will document and control all PH project accountability. Scoring or scope changes of 15 percent or less require approval by AF/ILEH, greater than 15 percent and up to 25 percent require approval by AF/ILE and greater than 25 percent require approval by SAF/IEI and prior congressional notification. The MAJCOM/CE will submit any request for change to the appropriate level. A "marked-up" DD Form 1391 must accompany the request.

2.3.3. The MAJCOM/CE will forward to the ESG a proposed development and solicitation schedule for approval no later than one month after the CSAF approves an MHPI project for inclusion in the Family Housing Master Plan. Any subsequent changes to a project's schedule must be submitted in writing by the MAJCOM/CE to the AF/ILE for approval.

2.4. Project Inserts. To insert a candidate privatization project, MAJCOMs will forward their request to AF/ILEH for action. Inserts may be difficult to accomplish based on the lack of appropriated dollars to cover scored costs and budgeted P727 dollars to cover development costs.

2.5. Project Cancellation. When privatization is no longer practical for a housing project identified in the FHMP as a privatization candidate, the MAJCOM/CC will send a memorandum to the Deputy Chief of Staff for Installations and Logistics (AF/IL) requesting cancellation of the project (providing a full justification for the decision) and authority to proceed with the alternative MILCON identified in DD Form 1391. The funding of design funds to affect the MILCON project will be the responsibility of the MAJCOM.

2.6. Program Reporting. By the end of every quarter, AFCEE and each MAJCOM will provide updated milestones to AF/ILEH on its active projects, to include environmental impact analysis process completion dates, projected and actual OSD concept approval dates, congressional notifications (solicitation and award) and closing dates. Any changes to the milestones will be in accordance with 2.3.3. AFCEE will provide updated PSC consultant and portfolio management costs at the same time. AF/ILEHM will consolidate the dates and costs, provide a narrative update and coordinate the package through the CSAF and the Secretary of the Air Force (SECAF) before sending to OSD (H&CS).

2.7. Unsolicited Proposals. Unsolicited proposals may be considered on a case-by-case basis. Each unsolicited proposal should be considered to determine whether the proposal will:

2.7.1. Not exceed the entire housing requirement of the installation, as identified in the most recent housing requirements and market analysis (HRMA), unless the proposal delineates how the Government will provide no direct or in-direct funding to additional construction

2.7.2. Prove financially feasible as documented in a pro forma and be financially acceptable to the Government as documented in an economic analysis.

2.7.3. Meet existing privatization project criteria, e.g., participation, life cycle cost, and leverage.

2.7.4. Offer a unique or innovative approach that cannot be offered by others in private industry or the public community. Unique approaches and competition will be validated by the results of an Air Force request for interest (RFI). AF/ILE will pursue approvals through the Air Force IPT, ESG, CSAF, and DUSD (I&E), as deemed necessary.

2.7.5. Be prepared without Government supervision, endorsement, direction, or direct Government involvement, but instead independently originated and developed by the offeror.

2.7.6. Not be an advance proposal for a known privatization requirement that can be achieved through competitive methods.

2.8. Standardizing Reports and Briefs.

2.8.1. When preparing briefings for the Air Force or OSD, MAJCOMs will follow the standard format found on the AFCEE Web site at attachment [A3.4](#).

2.8.2. The MAJCOM/CE will review and approve all reports or briefings prior to submission to the ESG, OSD or Congress.

2.9. Waivers. Waivers to policy identified in paragraph [4.2.14](#) must be requested by installation commanders via MAJCOM/CEs to AF/ILEH.

2.10. Inherently Governmental Activities. The Government cannot contract out its fiduciary or decision-making responsibilities to a contractor. Following are representative examples, which are not all-inclusive, illustrating some of the inherently governmental activities the PSC may not perform:

2.10.1. Giving legal advice to Government.

2.10.2. Approving the draft and final request for proposal (RFP).

2.10.3. Determining whether a proposal complies with the RFP.

2.10.4. Amending or interpreting the RFP.

2.10.5. Deciding to exclude/include offeror from step one or whether to exclude any offeror from the competitive range in step two.

2.10.6. Determining adequate pricing competition, cost realism, or fair and reasonable.

2.10.7. Assigning past performance rating.

2.10.8. Assigning color ratings to mission capability factors.

2.10.9. Assigning risk assessment rating.

2.10.10. Providing comparative analysis of offerors.

2.10.11. Providing an integrated assessment for "best value."

2.10.12. Deciding to select a particular proposal for award.

2.10.13. Entering into legally binding agreements on behalf of the Government, and giving legal advice thereon.

2.10.14. Determining whether an offer or amendment was submitted on time.

- 2.10.15. Approving the need for and content of evaluation notices, clarifications, oral discussions or negotiations.
- 2.10.16. Deciding to terminate efforts to close a transaction, or selecting a next-in-line best value offeror with whom to attempt closing.
- 2.10.17. Validating an unsolicited proposal.
- 2.10.18. Complying with those functions applicable to the EIAP, as generally described in 32 CFR 989 and AFI 32-7061.

2.11. Phase I – Project Identification Key Components.

2.11.1. Housing Requirements and Marketing Analysis (HRMA).

2.11.1.1. The HRMA determines accompanied and unaccompanied housing requirements (E4 and higher with more than 3 years time in service) at an installation. HRMA results identify housing requirements by rank and number of bedrooms for 5 years in the future. It is conducted at least every 3 years or when there is a major mission change.

2.11.1.2. HRMAs are reviewed and approved by the installation commander, MAJCOM, and AF/ILEH. Installations and MAJCOMs will validate deviations from an approved HRMA to AF/ILEH.

2.11.2. Housing Community Profile (HCP).

2.11.2.1. The HCP documents the condition of military family housing, identifies construction requirements to bring housing and communities up to Air Force standards, and analyzes whether improvement or replacement investment is the most economical decision. The HCP represents the minimum military housing construction requirements and is the basis for privatization project development decisions. An HCP update will not be completed for those bases where the housing is fully privatized. HCP updates in progress at the time privatization project development is initiated will be completed through the installation commander's approval of the 50 percent submittal of the HCP update document.

2.11.3. Family Housing Master Plan (FHMP).

2.11.3.1. The Air Force FHMP articulates the Air Force housing investment strategy and identifies privatization candidates, anticipated scored cost, scope and year of execution. The FHMP incorporates information from the HRMA and the Housing Community Profile (HCP) to estimate the required scoring cost for privatization. It is used by the Air Force to prepare the Program Objective Memoranda (POM) and Budget Estimate Submission (BES).

2.11.3.2. FHMPs are reviewed and approved by the installation, MAJCOM, AF/ILEH, CSAF and SECAF. Installations and MAJCOMs will validate deviations from an approved FHMP to AF/ILEH.

2.11.4. Project Programming (DD 1391).

2.11.4.1. Purpose. The purpose of the DD 1391 is to acquire authorization for the project and funding appropriations for scoring cost, if any, associated with a PH project. The DD 1391 identifies the project end-state scope (number of units resulting from demolition, renovation, and construction) and the estimated scoring cost documented in the FHMP. It also includes the scope of

traditional MILCON projects that could be accomplished with the available funding if the privatization initiative proves infeasible.

2.11.4.2. Approvals. DD Form 1391s are reviewed and approved by the installation, the MAJCOM, and AF/ILEH. DD Form 1391s for PH are submitted by the installation, through the MAJCOM to AF/ILEH as part of the same budget cycle as other FH DD 1391s. Any changes to an approved DD Form 1391 will conform to paragraph [2.3.2](#).

2.12. Phase II – Project Definition Key Components

2.12.1. Preliminary Pro Forma.

2.12.1.1. The preliminary pro forma determines if the project is economically feasible from a private developer perspective and calculates scoring cost. It provides one feasible solution and as such, it serves as a Government estimate.

2.12.1.2. The pro forma is reviewed and approved by the installation, MAJCOM, AFCEE, AF/ILEH, and the SAF/FMCE. AFCEE will validate pro forma deviations from policy and guidance to AF/ILEH and SAF/FMC. It is vital that all information be shared among these offices as pro formas are developed. Installations and MAJCOMs validate and receive approval from AF/ILEH when pro forma scoring cost exceeds the estimated scoring cost from the FHMP. Any updates to the pro forma must be reviewed and validated by AFCEE. AF/ILEH will work with the MAJCOM to source additional funds, if required, and notify SAF/FMBIC of the funding changes. Any funds in excess of the scored cost, but less than the programmed amount to meet other AF requirements, belong to AF/ILEH. SAF/FM guidance on preparing a preliminary pro forma is available at attachment [A3.2](#).

2.12.2. Preliminary Economic Analysis (EA).

2.12.2.1. The EA is a tool to evaluate the viability of the privatization scope as compared to other alternatives available to the Government to revitalize the housing and is prepared by the PSC. It uses the project modeled by the pro forma for the privatization alternative. The EA calculates the life-cycle costs for various methods the Government could use to achieve its housing goal of revitalizing deteriorated housing (i.e., privatization and identical MILCON). Refer to AFI 65-501, *Economic Analysis*, and SAF/FM guidance on the web site at attachment [A3.2](#).

2.12.2.2. EAs prepared by the Project Development Team and reviewed, certified and approved by the installation and MAJCOM. It should then be reviewed and coordinated by AF/ILEH and SAF/FMCE. The MAJCOM will validate EA deviations from policy and guidance to SAF/FMCE. Updates will be reviewed by AFCEE. To continue pursuing privatization, installations and MAJCOMs will validate and receive ESG and OSD approval when the life-cycle cost of housing privatization exceeds the life-cycle cost of the identical MILCON alternative. SAF/FM guidance on preparing a life-cycle cost analysis is available at attachment [A3.2](#).

2.12.3. Concept Plan Brief.

2.12.3.1. The purpose of the Concept Plan Brief is for installation's parent MAJCOM to present the PH project scope (number and type of units, type of work, ranks), authorities, transaction documents, pro forma and EA results, and milestones to the ESG and DUSD (I&E) for concept approval.

2.12.3.2. AFCEE contracts to prepare the Concept Plan Brief. The MAJCOM staff presents the Concept Plan Brief to higher authority. Concept Plan Briefs are reviewed and approved by the installation, the MAJCOM, AF/ILEH, the Air Force IPT, the ESG, the CSAF, OSD(CS&P), and DUSD(I&E). MAJCOMs will coordinate any deviations to the standard Concept Plan Brief with AF/ILEHM prior to presentation. The format for the OSD Template is available on the OSD web site at attachment [A3.1](#).

2.12.4. Request for Proposal (RFP).

2.12.4.1. The purpose of the RFP is to describe the existing conditions, project requirements, proposal submittal requirements, and evaluation standards to industry.

2.12.4.2. The most current version of the generic RFP is mandatory for projects. The most current version of the generic RFP can be found on the AFCEE Web site at attachment [A3.5.3](#).

2.12.4.3. Approvals. RFPs, including revised financials, are reviewed and approved by the installation and the MAJCOM, then forwarded to AF/ILEH for review and approval by the AFIPT, ESG, and OSD. Once AF/IPT and OSD approvals are received, SAF/IEI and SAF/FMB will notify Congress of the intent to solicit the project.

2.12.4.4. Any agency can recommend changes to the Generic RFP. Proposed changes should be forwarded to AFCEE/HDP for review. AFCEE will review and evaluate the proposed change and, if recommended, they will forward to the ESG for approval.

2.12.5. Credit Scoring Report.

2.12.5.1. The purpose of the Preliminary Credit Scoring Report is to provide insight into the impacts of budget scoring when offering federal credit for housing privatization. This report must be prepared using the latest version of the OMB Credit Subsidy Calculator.

2.12.5.2. The most current guidance and template for the Budget Scoring Analysis can be located in the SAF/FM web site identified in attachment [A3.2](#).

2.12.5.3. Approvals. The MAJCOM execution office or their appropriate Privatization Support Contractor will create the Credit Scoring report. The report will be reviewed and approved by AF/ILEH, SAF/FMCE, the ESG and OSD. Once the ESG and OSD approvals are received, SAF/IEI and SAF/FMB will notify Congress of the intent to solicit the project.

Chapter 3

EXECUTION

3.1. Phase III – Project Acquisition Key Components.

3.1.1. Industry Forum.

3.1.1.1. The purpose of the Industry Forum is to communicate the project requirements and receive comments from industry and local government officials. The forum is presented as a coordinated effort between the MAJCOM program manager, installation leadership, and privatization support contractor to educate the local community, interested private companies and other functions on the aspects of an installation's privatization initiative. It is not mandatory that an Industry Forum be held, but it is encouraged. Experience has shown that Industry Forums provide an opportunity to present clarifying information from both Government and private sector teams.

3.1.1.2. The Air Force, OSD, or Congress do not have to approve the content of the Industry Forum; however, an informal notice should be sent by AF/ILEHM through SAF/FML and SAF/LLP as a courtesy to congressional representatives and senators from the project's district and state so they are aware of the upcoming project.

3.1.2. Source Selection.

3.1.2.1. The OPR for the Competition Plan (CP), or the Selection Plan (SP) when used for sole source transactions, policy and guidance is the execution agent. AFCEE is the OPR for the CP execution and provides supplemental guidance and templates. The MAJCOM is the OPR for the SP execution and provides supplemental guidance and templates. Evaluation teams consist of personnel from the installation, MAJCOM, and AFCEE, with advisors from the Air Force IPT and ESG.

3.1.2.2. The selection briefing to the Air Force and OSD will follow the approved template at attachment [A3.3](#). A briefing may not be required by OSD following the submission of the briefing slides, OSD will provide AF/ILEH that determination.

3.1.2.3. The selection process is financed using P727 funds. MAJCOM's will program, forecast and control these funds through the Planning, Programming, Budgeting and Execution System and Financial Plan processes.

3.1.2.4. Approvals.

3.1.2.4.1. SAF/IEI may delegate to the respective MAJCOM commander by project, the authority to solicit, evaluate, and negotiate final agreements, to select an offeror for final closing of approved family PH initiatives, to administer the housing project, and to require members who lease housing units to make lease payments through pay allotments pursuant to 10 U.S.C. § 2882. This delegated authority is subject to limitations and conditions in paragraphs [3.1.2.4.2](#) and [3.1.2.4.3](#). AF/ILEH may request SAF/IEI delegation following ESG approval of the concept.

3.1.2.4.2. The MAJCOM commander may redelegate authority for selecting an offeror for final closing to the vice commander, however, further delegation of selection authority is not allowed. The MAJCOM vice commander can redelegate approval authority to the MAJCOM Civil Engineer for actions leading up to the final source selection.

3.1.2.4.3. The AST may submit a recommendation for the final selection to the SA for approval. In turn, after receiving SAF/FMCE approval of all updated financial data (including final certified EA and pro forma based on details provided by the SO, and the final Budget Scoring Analysis), the SA submits their final selection to SAF/IEI for authorization to close. MAJCOM's will provide all advance information AF/ILEH for review and transmittal to OSD(H&CS) no less than 10 days prior to the OSD briefing on the selection.

3.1.3. Transaction Closure.

3.1.3.1. SAF/IEI has authority to approve the project with OSD(H&CS) concurrence. OSD(C) has authority to approve funds transfers to the Family Housing Improvement Fund (FHIF) once OMB has approved the scored amount for the project and Congressional Notification periods are complete.

3.1.3.2. Following the selection and approvals by the ESG and OSD, congressional notification will be made of our intent to award the project. This notification period gives congressional members the opportunity to comment on the proposed award. During this period, the apparent SO will be notified of his proposed selection so negotiations on the final legal documents can commence that will lead to closing of the project. However, no tenant leases will be signed, no public announcements will be made, and no town hall meetings will be conducted identifying the probable SO until after the congressional notification period, as found in the latest report language or statute, has ended and approval is given by AF/ILEH to announce the SO.

3.2. Technical Requirements.

3.2.1. Each privatization project should have a strategy to address how it will manage severable and nonseverable housing areas. Nonseverable housing areas should be filled first with military families. HQ USAF will move toward full base privatization initiatives, keeping financial and severability considerations in the equation. When long-term noneligible tenants become necessary and increased force protection risks arise from sustained non-DoD residency in waterfall scenarios, project solicitation documents shall require successful offers shall relocate installation fence lines and provide off-base access to severed housing areas. Relocation of installation boundary fence lines and off-base access road construction must be approved by SAF/IEI.

3.2.2. Construction.

3.2.2.1. PH will comply with all building codes, standards, regulations, and applicable local, county, state and federal laws unless specifically waived by the AF in writing. The Government will provide Title II construction oversight to ensure that local standards are met, but the SO has the responsibility for construction quality as specified in project solicitation or transaction documents.

3.2.2.2. New construction or whole-house renovations of PH will comply with the accessibility guidelines of the Fair Housing Act (FHA) of 1988. The Uniform Federal Accessibility Standards (UFAS) do not strictly apply; however, installations have the latitude to require that new construction and whole-house renovations comply with the UFAS as well as the FHA (whichever is more stringent where the standards differ).

3.2.2.3. The maximum density for new construction shall not exceed six duplex or multiplex units per acre and no more than four single-family units per acre.

3.2.2.4. Project solicitation documents shall require installation and apparent SO personnel will conduct a visual inspection of all lead-based paint containing components and areas within housing targeted for privatization prior to conveyance of the housing from the AF to the SO. Any lead-based hazards identified will be eliminated prior to conveyance of the housing using P-722 funding. The AST will ensure SO's renovation plans call for all lead-based paint to be abated during the SO's initial renovation and construction period.

3.2.2.5. The project solicitation documents shall require the SO be responsible for inquiring as to whether the Government has records of the location, type, quantity, and characteristics of Asbestos Containing Material (ACM) in any family housing unit or other leased structures prior to renovation, maintenance, repairs, or construction that may disturb suspect materials. If the Government does not have adequate records to substantiate the status or presence of ACM, the project solicitation documents shall require the SO to obtain the necessary confirmatory samples and obtain analysis by a state certified laboratory for the analysis of bulk materials for asbestos. The Government shall not be responsible for any handling, removal or containment of ACM, or to the extent consistent with applicable law, for any liability related thereto. The project solicitation documents shall require the SO perform any and all asbestos work in accordance with all applicable laws, the SO be responsible for removal and disposal of all ACM in the improvements on the Leased Premises, and incorporate a disposal plan, which identifies the proposed disposal site. All records pertaining to asbestos/lead must be safeguarded IAW Air Force Records Disposition Schedule and record keeping requirements.

3.2.3. Utility Privatization. If the base utility system and military family housing are both being privatized, utilities in the housing area shall be included in the HP RFP when the inclusion of the utilities is logical and technically feasible. HQ AFCEA/CC will be the primary authority for feasibility determination with HQ AFCEE/CC as the coordinating authority. If the base utility system is not being privatized or if the utilities in the housing area will be privatized separate from the base system, The installation and MAJCOM will first look to convey the utility systems within the housing system to the SO as part of the HP transaction. (If it is not possible to convey the housing system to the SO they will look to create consider a utility billing arrangement such that the SO pays secures service from the local market utility provider.) If delivery is through the installation's infrastructure, the local utility provider will rates and reimburses the Air Force for any wheeling charges. incurred as the utility pass through the installation's infrastructure. If necessary neither arrangement is possible the installation and MAJCOM will structure the transaction so that the SO is provided utility service by reimburses the installation on a reimbursable basis in accordance with AFI 32-1061, Providing Utilities to US Air Force Installations. or utilities privatization contractor for all appropriate charges. Bases receiving Western Area Power Administration (WAPA) electricity should contact AFCEA/CESM to ensure that privatization will not result in loss of the low cost WAPA power allocation.

3.2.4. Ancillary Facilities.

3.2.4.1. Ancillary facilities may be provided as part of privatization projects if they primarily serve the residents, and if the SO does not charge for the use of these facilities.

3.2.4.2. Housing offices and maintenance facilities for SO management and key maintenance staff may be project requirements.

3.2.4.3. Ancillary facilities may include community centers, swimming pools, and other recreational areas.

3.2.4.4. By law, the Army and Air Force Exchange Service (AAFES), the Defense Commissary Agency (DeCA), and the installation Services have the exclusive right to provide resale merchandise, services, and recreational operations or activities on DoD installations and Air Force housing privatization projects. The project solicitation documents shall preclude the SO from providing any resale merchandise, services, or commercial recreational operations or activities unless approved by the appropriate authority (i.e. AF/ILV or Commander, Defense Commissary Agency).

3.2.4.5. Facilities owned or occupied by these entities can be included in privatization initiatives with the approval of AF/ILV and the appropriate Boards. The project solicitation documents shall require the SO compensate AAFES, DeCA, and the installation nonappropriated fund instrumentality (NAFI) for the undepreciated or surcharge investment in any facilities or improvements conveyed with the project where these entities have an investment.

3.2.5. The EIAP process must start early in the privatization concept development and continue throughout the privatization process in accordance with 32 CFR 989 and all applicable regulations. Prior to executing the Transaction Documents, both an EBS and Environmental Assessment will be executed. If the EBS designates the land in the project to be either category 5 or 6, the project may not be conveyed; however, it may be leased. If the land is designated category 7, use of that land for PH is not authorized until the category is upgraded.

3.3. Transaction Structuring

3.3.1. Federal Acquisition Regulations (FAR) or Non-FAR. Air Force housing privatization is primarily a real estate transaction not funded directly from appropriated funds and, thus, the FAR does not apply to the transaction. However, components of the transactions have processes that may be deemed "FAR-like." As such, Installation and MAJCOM JAs should consult the FAR for guidance when determining the best course of action when addressing FAR-like issues.

3.3.2. Long-term Leases. To the extent practicable, projects will use long-term ground leases and avoid conveyance of land underlying existing housing or other Government land. Exceptions, including finances, current and future land use, and school impact aid issues, will be fully justified in the Concept Plan Brief.

3.3.3. Legal Jurisdiction of Federal Property. Legal jurisdiction of Federal property can be exclusive, proprietary, or concurrent as defined by AFH 32-9007, *Managing Air Force Real Property*. Installations may have different jurisdictions on different real estate parcels. Jurisdictional status is subject to change at the discretion of the Federal and state governments. Jurisdiction is not changed by leasing property but may change when conveying property.

3.3.4. To calculate the appropriate utility allowance, the PDT should determine the cost per unit type for electricity and gas or heating oil for each type of unit to be privatized. Costs should be calculated using a five-year average of past usage and charges based on the installation's current utility rate changed Non-DoD/Non-Federal organizations for use in formulating the project's conceptual pro forma. The plan for the SO to provide utility service to tenants may be a cause for concern to the local utility and/or state regulatory utility commission. The MAJCOM should consult with the AFCESA Utility Rates Management Team if there are utility regulatory or utility contract problems encountered in the housing privatization process at least six months prior to solicitation. The project solicitation documents shall require the SO, recalculate the utility allowance recalculated following completion of

a major renovation or construction phase of the project or on an annual basis. The installation commander will approve recalculated rates.

3.3.5. General Officer Quarters (GOQ), Special Command Positions (SCP), Designated Quarters, and Prestige Housing.

3.3.5.1. Project transaction documents will incorporate special requirements for GOQs, SCPs, E-9 prestige housing, and other designated quarters as determined by the installation supplement to AFI 32-6001.

3.3.5.2. Certain areas or groups of houses may be identified as designated quarters, however, the installation commander reserves the right to refer individuals identified as K&E to PH.

3.3.5.3. The project solicitation documents shall require any GOQ, SCP, designated, and E-9 prestige housing quarters not count toward the vacancy rate when determining if the SO applies the priority fill list in [4.2.15.3.5](#).

3.4. Execution Funding and Use of Funds.

3.4.1. Scored Costs.

3.4.1.1. Scored costs are funded from the specific appropriation for the PH initiative and are transferred into the FHIF no sooner than 30 days after congressional notification by the OSD(C). Transfer of funds notification should occur concurrently with the congressional notification of intent to award.

3.4.1.2. OSD(C) Directorate of Military Construction requests transfer of funds authority from the Senate Appropriations Committee (SAC) and House Appropriations Committee (HAC). OUSD(C) Construction Directorate prepares letters for signature.

3.4.1.3. Scored costs are funded using P713 funds unless P711 funds have already been appropriated.

3.4.2. Family Housing Privatization (P727) Funds.

3.4.2.1. A sub-project of the Family Housing Operations Budget Programs Activity Codes (BPAC) (P727) will be the sole source of funds used to develop, acquire, and execute housing privatization. This sub-project is considered a congressional interest item and will not be increased from the amount enacted without prior approval of the congressional appropriations committees. BPAC P727 provides costs for:

3.4.2.1.1. Environmental assessments, baseline surveys or supplemental studies, initial pro forma and economic analysis development, and all required property surveys.

3.4.2.1.2. Industry forums and RFPs.

3.4.2.1.3. Project management office costs to include all contract costs, temporary duty (TDY), training and non-material support costs.

3.4.2.1.4. Title II project oversight and portfolio management.

3.4.2.1.5. Support consultants and higher headquarters oversight and supervision.

3.4.2.2. P727 funds should not be used for any construction, demolitions, or service contract requirements to support execution of an MHPI.

3.4.3. Family Housing Operations (P721) Funds. P721 funds may be used to fund environmental surveys and studies; however, P721 funds may not be used to perform any abatement, remediation, or other environmental projects. Such projects will be funded with P722 or Housing Military Construction dollars. Other Government-specific functions associated with maintaining housing management operations are funded with another sub project within the FH operations and maintenance (O&M) appropriation budgeting process. The Housing Manager has the responsibility for budgeting for these funds. The FAS/Asset Manager will validate any P721 costs associated with PH.

3.5. Financial.

3.5.1. Reserve and Escrow Accounts.

3.5.1.1. The project solicitation documents and transaction documents shall require the SO set up a federally insured, interest bearing lockbox account with federally insured, interest bearing sub-accounts to provide for (a) operation of the property in accordance with the terms and provisions of the Air Force lease, (b) demolition, rehabilitation, construction and other work comprising the project, (c) funding of certain accounts described herein for the continued maintenance of the property as required by the Air Force lease, and (d) timely repayment of the construction, permanent and direct government loan and the payment of certain related fees and expenses. All project revenues generated by the transaction will flow through the lockbox account to the appropriate sub-account. The sub-accounts may include:

3.5.1.1.1. Operating Reserve Account. An operating account maintained at a level equal to one-twelfth (8.33 percent) of the annual budgeted operating expenses.

3.5.1.1.2. Impositions Reserve Account. An impositions escrow account maintained for estimated taxes and insurance premiums payable in the next 12 months. Insurance paid before debt service.

3.5.1.1.3. Construction Escrow Account. A construction escrow account ensuring the cash flow after operating expenses, impositions, and reserves from the existing rental units is utilized to fund demolition and construction costs. The project solicitation documents shall require the SO also deposit its initial cash equity contribution into this account.

3.5.1.1.4. Replacement Reserve Account. The project solicitation documents shall require the SO will always maintain a replacement reserve account with an amount sufficient to pay annual maintenance, capital repair and replacement costs set forth in the capital repair and replacement plan approved by the Government. Replacement Reserves shall cover sustainment costs including annual maintenance and scheduled repair activities to maintain the inventory of real property assets through its expected service life. It also covers major repairs or replacement of facility components that are expected to occur periodically throughout the life cycle of facilities. This work includes regular roof replacement; refinishing of wall surfaces; repairing and replacement of heating and cooling systems; replacing tile and carpeting; and similar types of work. The Replacement Reserves shall not include restoration, modernization or historical preservation.

3.5.1.1.5. Other Eligible Tenant Security Deposit Account. The project solicitation documents shall require a tenant security deposit account be maintained in accordance with local state laws for other than referred occupants. The project solicitation documents shall also specify that referred tenants not pay security or pet deposits.

3.5.1.1.6. Utility Reserve Account (if applicable). The project solicitation documents shall specify that once the individual housing units have been metered, the Utilities Reserve Account will be used to cover any additional utility costs the residents paid out-of-pocket due to utility rate spikes in accordance with the transactional documents. The resident may apply to the SO for reimbursement of the overage amount paid to the utility providers due to utility rate spikes and once the reimbursement is approved, the SO will refund the difference.

3.5.1.1.7. Reinvestment Account Funds.

3.5.1.1.7.1. These funds are accumulated in the reinvestment account of a privatization project after all project obligations and debt service requirements are met.

3.5.1.1.7.2. Funds are used for construction, operations, maintenance, demolition or quality of life and site enhancements to restore PH facilities accelerated deterioration due to lack of sustainment, excessive age, natural disaster (storm damage), fire, accident, or other causes. Reinvestment also includes alteration of facilities solely to implement new of higher standards (including regulatory changes), quality of life enhancements, to accommodate new functions, or to replace building components that typically last more than 50 years. Cost of each enhancement must include construction costs and any O&M costs required to support the improvement during the current budget year. Future budgets need to ensure the appropriate accounts project for projected O&M and capital repair or replacement costs.

3.5.1.1.7.3. Reinvestment Account funds will not be used for any construction, maintenance, operations, or demolition requirements addressed within another approved lockbox sub-account.

3.5.1.1.8. Windfall Income Account (if applicable). A windfall income account will be established and will require the SO to establish and maintain a federally-insured, interest-bearing account into which the SO will deposit any windfall income. The lockbox agreement will specify when funds are to be deposited, and when, how, and why the funds are to be disbursed. Windfall income includes that portion of the SO's gross income attributable to net decreases in members' "Out-of-Pocket" (OOP) payments as reflected in changes in BAH due to legislation or policy changes over the term of the project. The SO is not required to contribute to this account until the initial development is complete. Funds generated during the initial development will be utilized to reduce government participation (direct loan, scoring amount) in the approved Concept Scope.

3.5.1.1.9. Performance Incentive Account. A performance incentive account (optional account) may be maintained to ensure the continued quality performance of the SO.

3.5.2. Taxes.

3.5.2.1. Project Concept Plan Briefs, RFPs, and proposals will ensure that tax consequences of the project, regardless of any jurisdictional changes or changes in state or local taxation legislation or policy, are the sole responsibility of the SO. SO proposals shall address the use made of any tax savings resulting from the difference of its final pro forma and actual tax liability.

3.5.2.2. Appraisals will be required to be prepared, in most instances, by taxing authorities, within six months prior to closing when the Government is conveying land and/or improvements.

3.5.3. Government Financing.

3.5.3.1. Financing of PH construction is the responsibility of the SO. The Air Force will not provide a Government loan for construction financing.

3.5.3.2. Only at the end of construction or at the end of a construction phase of a multi-year project will the Air Force grant permanent financing, typically as a second mortgage lender in a debt transaction. Debt transactions will meet all statutory requirements.

3.5.3.3. Use of loan guarantees will be extremely selective and must be fully justified in the development of the concept. Justification will be included in the DD Form 1391, the preliminary scoring report, and the final scoring report.

3.5.4. Financial Criteria.

3.5.4.1. Net operating income (NOI) from existing units conveyed to the SO by the Air Force is considered a Government contribution to the project until the units are renovated or demolished. The pro forma and the scoring report will demonstrate that the NOI from existing units is fully used in the funding of construction or renovation.

3.5.4.2. Pro forma data is considered source-selection sensitive and as such will not be released outside Government channels.

3.5.4.3. The Government-estimated scored costs will not be publicly disclosed, unless approved by the ESG.

3.5.4.4. OMB-furnished risk, recovery, and inflation rates will be used. AFCEE Housing Privatization Division (AFCEE/HDP) will notify each PSC as soon as it receives notice from SAF/FMC that rates have changed. For current rates, see the SAF/FMC web site at attachment [A3.2](#).

3.5.4.5. The Air Force may provide a direct long-term loan at OR below-market rates, in accordance with SAF/FM, OSD, and OMB policies. Refer to direct loan policy found on SAF/FM web site in attachment [A3.2](#).

Chapter 4

OPERATIONS AND MANAGEMENT

4.1. Phase IV – Project Management.

4.1.1. The Air Force will provide supervision and inspection of project construction to the level necessary to ensure compliance with negotiated agreements, local and national construction codes, and Air Force quality standards. The level of inspection to achieve this objective is determined by the MAJCOM and installation; however, funding for construction oversight is limited and controlled by AF/ILEHM.

4.1.2. The MAJCOM Civil Engineer or his designated representative will review the SO's final plans and specifications in accordance with the transactional documents.

4.1.3. The project solicitation documents shall required the SO receive a certificate of compliance from the installation and receive a certificate of occupancy from the local municipality for housing located on private land or Government land to be conveyed.

4.1.4. Asset Management.

4.1.4.1. Asset management encompasses all of the activities of the installation relative to its MHPI projects.

4.1.4.2. Organizational Structure.

4.1.4.2.1. The installation will provide adequate resources to perform its asset management responsibilities. While the resource requirements will vary, the asset management team should include the following: 1) a qualified central authority to coordinate the effort ("asset manager"); 2) expertise in finance; 3) expertise in housing; 4) expertise in contract management. Additionally, environmental expertise, legal expertise, and engineering expertise may be required periodically.

4.1.4.2.2. The asset management team will need to respond to changes in responsibilities upon completion of the initial development; however, the installation leadership should plan to maintain certain individuals from the pre-initial development phase into the post-initial development phase to ensure a smooth transition at this critical juncture.

4.1.4.3. Communications.

4.1.4.3.1. Documents from the SO, property manager, lockbox agent, private lender, DFAS, and any other documentation sources will be coordinated to be sent concurrently to both the installation and the AF Portfolio Management function.

4.1.4.3.2. The installation and AF Portfolio Manager should coordinate requests for information in a way that allows periodic reporting to be standardized to meet the needs of both parties.

4.1.4.3.3. Lines of Communication.

4.1.4.3.3.1. The installation's asset manager will maintain direct contact with the AF Portfolio Manager, MAJCOM, lockbox agent, SO, property manager, senior lender, DFAS, and any other private or governmental entity as necessary to perform its function as the asset manager.

4.1.4.3.3.2. The AF Portfolio Manager will communicate significant events, such as annual site visits and material project issues to the installation and MAJCOM. Information on defaults or potential default issues will be communicated to the installation, MAJCOM, and AF/ILE, SAF/FM, SAF/GCN, and SAF/IEI.

4.1.4.3.3.3. The installation will work with MAJCOM and other parties to develop contacts to perform its functions as asset manager.

4.1.4.3.3.4. The installation and MAJCOM will have the opportunity to review draft reports from the AF Portfolio Manager and provide comments/recommendations within prescribed timeframes, after which the reports will be finalized.

4.1.4.4. Approvals.

4.1.4.4.1. The installation and MAJCOM will coordinate on any recommended changes affecting the project and forward them to the AF Portfolio Manager for review and coordination. The AF Portfolio Manager will forward all recommended changes to the transaction documents as required for approval or disapproval by SAF/IEI.

4.1.4.4.2. The installation's asset manager and AF Portfolio Manager will coordinate the SO's annual budget submission in accordance with the transaction documents. The AF Portfolio Manager will provide a letter of review and a recommendation relating to the budget to the installation. Budget approval authority will remain with the installation commander.

4.1.4.4.3. The Installation Commander or his designee must notify the AF Portfolio Manager of any Extraordinary Costs or Expenditures which it is or becomes aware of. The Project Owner shall not be directed to make Extraordinary Costs or Expenditures without Air Force Portfolio Management concurrence.

4.1.4.4.4. The Installation Commander, in close working relationship with Portfolio Management, shall provide the Extraordinary Costs and Expenditures report to SAF/IEI.

4.1.4.4.5. The Installation commander will also notify SAF/IEI when costs exceed \$35,000 annually for any particular unit.

4.1.4.4.6. SAF/IEI shall be the approval authority for reinvestment account and reinvestment reserve account funds. This authority may be delegated down to MAJCOM but no further.

4.1.4.4.7. Other approvals will be made in accordance with the transaction documents and this instruction. The AF Portfolio Manager will provide an opinion on appropriate procedures where needed.

4.1.4.5. Responsibilities.

4.1.4.5.1. The installation will be responsible for ensuring that the project and SO meet certain requirements as defined in the transaction documents. The requirements are summarized in a compliance-testing tool. Compliance testing is an ongoing process whereby the asset manager will report to the AF Portfolio Manager on the condition of the project relative to the transaction documents on a periodic basis and according to an agreed-upon schedule.

4.1.4.5.2. The installation will be responsible for reviewing financial statements, annual budgets, SO requests for special distributions from lockbox accounts, and other financial matters as needed.

4.1.4.5.3. Reporting.

4.1.4.5.3.1. The installation will provide a PEP report to MAJCOM for the AF Portfolio Manager in accordance with the existing guidance and within the timelines established for the reporting period. Guidance can be located on the OSD web site listing in attachment [A3.1.](#) and AFCEE web site listing in attachment [A3.5.](#)

4.1.4.5.3.2. The installation will provide the AF Portfolio Manager with its analysis of project operations and financial conditions quarterly, communicate issues relating to the project and assist the AF Portfolio Manager in its efforts to provide timely, accurate, and informative quarterly reports. As applicable, the installation will also provide FH and PH waiting list data, demographic data, annual survey results, construction summaries (units in service and issuance of certificates of completion status), and other information that may be determined to be necessary.

4.1.4.5.3.3. The AF Portfolio Manager shall recommend a project be placed on the “watch list” to SAF/IEI, SAF/FM and AF/ILE in coordination with the installation and MAJCOM. The AF Portfolio Manager and the Asset Manager will work with the SO to provide a report that identifies the weakness, the cause or causes of the weakness, and a proposed mitigation plan, with timeline, to correct the issue. Corrective actions may include, but are not limited to, changing target ranges, offering rent incentives, modifying or improving the project using private or allocated funds, marketing, and changing processes or procedures. The SO, the Portfolio Manager and the Asset Manager must agree upon any mitigation plans and forward to installation commander for approval. The AF Portfolio manager will review plans and take such actions as may be required to obtain SAF/IEI approval, as applicable, prior to implementation.

4.1.5. Portfolio Management.

4.1.5.1. Goal: To provide oversight and monitoring of all privatized projects on behalf of the Air Force and applicable government lender.

4.1.5.2. AF Portfolio Manager Communications:

4.1.5.2.1. Maintains direct contact with the Asset Manager, MAJCOM, lockbox agent, SO, property manager, senior lender, DFAS, and any other private or governmental entity as required to perform its function as the Portfolio Manager.

4.1.5.2.2. The AF Portfolio Manager will communicate significant events, such as annual site visits and material project issues to the installation and MAJCOM. Information on defaults or potential default issues will be communicated to the installation, MAJCOM, and AF/ILE, SAF/FM, SAF/GCN, and SAF/IEI.

4.1.5.3. AF Portfolio Manager Responsibilities:

4.1.5.3.1. Provide oversight and monitoring of all privatized projects as well as fiduciary responsibility for all direct loans and loan guarantees made as part of the MHPI program.

4.1.5.3.2. Initiate requests and recommendations for actions by other Air Force or DoD personnel or offices as necessary.

4.1.5.3.3. Review financial and operational performance on a quarterly basis.

- 4.1.5.3.4. Provide an executive summary, insurance summary, compliance checklist and catalogue of documents for each project as part of transition services.
- 4.1.5.3.5. Review, in conjunction with the installation, annual budget submissions and provide analysis and an action recommendation to the appropriate installation commander.
- 4.1.5.3.6. Annually review certificates of insurance.
- 4.1.5.3.7. Conduct an annual site visit to assess the physical condition and operations of each project.
- 4.1.5.3.8. Coordinate compliance testing for all projects.
- 4.1.5.3.9. Coordinate, collect, and review PEP reports and prepare the portfolio roll-up report.
- 4.1.5.3.10. Provide informal training to participants as required. Assistance may include topics such as reporting requirements, execution of agreements such as the lockbox agreement, PEP reporting, compliance testing, and others as needed. Formal training sessions will be offered periodically.
- 4.1.5.3.11. Disseminate lessons learned, provide recommendations for project and portfolio improvements, and communicate best practices.
- 4.1.5.4. AF Portfolio Management Reporting:
 - 4.1.5.4.1. Quarterly reports for each project and the portfolio that provide financial and operational analysis, including issue identification and improvement opportunities.
 - 4.1.5.4.2. Annual report for each project and the portfolio.
 - 4.1.5.4.3. Annual report indicating the adequacy of current certificates of insurance, including comments and recommendations.
 - 4.1.5.4.4. Annual report detailing the findings of its annual site visit, including trends, comments, and recommendations.
 - 4.1.5.4.5. Report summarizing compliance for each project on a periodic basis.
 - 4.1.5.4.6. Financial reporting in conjunction with DFAS, as required by the Federal Credit Reform Act of 1990, Circular A-11, etc. to appropriate government offices.
 - 4.1.5.4.7. SO's Extraordinary Costs or Expenditures report identifying any excessive costs by unit.

4.2. Operations and Management.

- 4.2.1. Authorized Use. PH is intended to serve as single family dwellings, permanent occupancy of a PH unit by more than one family is not authorized. The prescribed use of PH can be found in the transactional documents. AFI 32-6001, Chapter 2, provides general guidance on use of family housing, whether PH or Government owned/operated.
- 4.2.2. Conversion of a unit to purpose other than a Family Housing dwelling must be addressed in the transactional documents or the documents should be amended to reflect the conversion. For additional guidance, refer to Chapter 2 of AFI 32-6001 if conversions are not directly addressed in the transactional documents and to AFI 32-9002, *Use of Real Property Facilities*, as applicable.

4.2.3. Reporting Requirements. The Asset Manager will collect, maintain, and transmit PH data (e.g., data required by the transaction documents, PH occupancy statistics required by the PEP, GOQ occupancy data, and furnishings cost data [see AFI 32-6003]) to AFCEE and MAJCOMs, as prescribed in 4.1.4. and 4.1.5. The project solicitation and transaction documents shall require the SO transmit financial and operations data, including the Extraordinary Costs and Expenditures report, account data, insurance certificates and policies and tax receipts to the AF Portfolio Manager periodically which they use to compile the reports prescribed in 4.1.5.4.

4.2.4. Designating PH by Grade. To meet the intent of DoD 4165.63-M, *DoD Housing Management*, to provide “access to safe, secure, quality, affordable, well-maintained housing in a military community where they chose to live,” future PH transactions should not exclude any grade within grade categories (junior enlisted (E-1 to E-6), senior NCO (E-7 to E-9)) for which PH is being constructed, unless specifically detailed in the transaction documents.

4.2.5. Rent Determination. The project solicitation and transaction documents will require rent to be based on the with-dependent BAH received by the eligible military member as identified in the initiative’s demographics:

4.2.5.1. Eligible military members in PH, including military members married to military members, receive BAH at rates determined by OSD. For military members married to military members, the rental fee will be established based on BAH at the with-dependent rate for the senior ranking member minus the calculated utility allowance for the type of unit rented. The project solicitation and transaction documents shall require civilians declared eligible for PH pay the equivalent market rent for the type of unit occupied.

4.2.5.2. For other eligible residents IAW 4.2.15.3.5., the tenant lease determines the rent.

4.2.5.3. Rental rates for members in PH designated for general officers, SCPs, and K&E positions who are single or not accompanied by family members, and there are no other on-base facilities (i.e., unaccompanied officer quarters [UOQ] or unaccompanied enlisted personnel housing [UEPH]), will be identified in transaction documents and are normally at the member’s with-out-dependents BAH rate.

4.2.5.4. The project solicitation and transaction documents will structure rent for targeted military families so that families should not have Out-Of-Pocket (OOP) expenses. In addition, it will be specified that rent will be paid in arrears and will equal the military member’s BAH at the dependent rate less a utility allowance (110 percent of the estimated cost of utilities).

4.2.5.5. Rental Payments by Allotment.

4.2.5.5.1. Authority in Section 2882 of Title 10 U.S.C. will be used for PH.

4.2.5.5.2. Eligible members who lease PH must pay rent by payroll allotment as required by 37 U.S.C. § 701. Typically, eligible members and civilian employees pay the first month’s rent to the SO to allow time for the allotment to begin (*NOTE:* Payment for eligible members is normally in arrears and due at the end of the month). The eligible member must adjust any allotment changes based on increases or decreases in rent (BAH, promotions, and demotions) at least annually or as set forth in the tenant lease.

4.2.5.5.3. The housing office assists members in preparing and submitting allotment forms.

4.2.5.5.4. The housing office will take appropriate action to forward other allotments to appropriate financing centers. These include financing centers for the Army, Navy, Marines, Coast Guard, Reservist, and other agencies as appropriate.

4.2.5.6. The project solicitation and transaction documents shall specify that rent for occupants other than referred military families be unrestricted, but, at no time shall rent be lower than that charged to accompanied active duty Target Tenants for that unit-type unless approved in writing by SAF/IEI or designated approval authority.

4.2.5.7. The project solicitation and transaction documents shall specify that residents may “rent up” by voluntarily paying more than their BAH to obtain an additional bedroom or larger house designated for a grade above their own. “Renting up” should be used sparingly so as to not radically alter the demographics or financial requirements for which the project was designed. Any resident who does “rent up” must sign a statement that they recognize they are renting a unit above their bedroom or size requirement and are paying the increased amount out of pocket.

4.2.5.8. The project solicitation and transaction documents shall specify that members may voluntarily occupy a unit less than their authorization, but only at their full BAH minus the utilities allowance. In this case, the member cannot pocket the difference.

4.2.6. Local Moves and Non-temporary Storage. Air Force funding for Government directed local moves and non-temporary storage for PH is authorized under Joint Federal Travel Regulations (JFTR) Volume 1, *Uniformed Service Personnel*, Chapter 5, Part D, Paragraph U5355, Section B. See AFI 32-6001 for additional guidance. The project solicitation and transaction documents shall specify the SO be responsible for funding local moves and non-temporary storage when moves are for the convenience of the SO. The asset manager will ensure that the SO pays for drayage. The Government will pay for moves from private off-installation housing to PH or from FH to PH. The Government does not pay for moves from PH to FH unless it is a Government-directed move.

4.2.7. Utilities Costs and Allowances.

4.2.7.1. Tenants residing in PH are responsible for paying their utility costs. The project solicitation and transaction documents shall specify that for AF referred members, a utility allowance will be calculated annually by the SO and validated by the Air Force for each unit type in a project based on the utility rate installation’s charge Non-DoD/Non-Federal organizations. Further the project documents shall indicate this allowance be deducted from the member’s BAH, and the remainder becomes the rent payment. If the referred member’s utility costs exceed the utility allowance, the member pays the difference out-of-pocket. Conversely, a member may benefit by conserving utilities.

4.2.7.2. The project solicitation and transaction documents shall specify the SO pay members’ utilities until utility meters are installed. Eligible members will surrender their entire BAH to cover the cost of utilities and rent during this period.

4.2.7.3. The project solicitation and transaction documents shall specify utility meters be installed on each unit within 12 months of closing, upon completion of new construction, or upon completion of renovation, whichever is later. The documents shall also specify utility meters will not be required for existing units scheduled for demolition within a 5 year timeframe, and in that instance the SO will retain the full BAH and pay the utilities until the units are demolished.

4.2.7.4. The project solicitation and transaction documents will specify the utility allowance for each unit type calculations be based on 110 percent of average utility consumption.

4.2.7.5. Estimated consumption will be calculated using Energy Star® or a similar methodology as detailed in the transaction documents and approved by the installation commander.

4.2.7.6. The project solicitation and transaction documents shall specify utility allowances and rents be recalculated and revalidated annually, incorporating actual consumption data and revised BAH entitlements until a 5-year average of actual data can be used in the calculations.

4.2.7.7. The project solicitation and transaction documents shall specify tenant utility allowances be recalculated, and the rent adjusted accordingly, immediately following a utility rate increase of 10 percent or more over the same quarter of the previous year. When applicable, the documents shall indicate the SO may then access the utility reserve account for supplemental rent, and continue to receive supplemental rent until the Government includes the utility increase in members' BAH.

4.2.8. Security/Pet Deposits. The project solicitation and transaction documents shall specify that security and pet deposits from eligible members are not allowed without SAF/IEI approval; however, these charges may be collected from non-eligible members as defined in paragraph 4.2.15.3.5. when authorized to occupy PH.

4.2.9. Reconnection and Reinstallation Charges.

4.2.9.1. The project solicitation and transaction documents shall specify the SO reimburse the tenant for telephone, internet and cable/satellite reconnection and reinstallation fees when the SO directs a move. The asset manager will ensure that the tenant is reimbursed for the fees. Members are allowed reimbursement only to restore the same level of services established before the move.

4.2.9.2. The project solicitation and transaction documents shall specify that reconnection and reinstallation charges incurred as a result of a Government or SO-directed eviction are not authorized.

4.2.10. At least six months prior to solicitation of a housing privatization initiative, the installation will coordinate with the local community to define levels of service and support to PH in accordance with the proposed jurisdiction of the development. Prior to project closing, appropriate Memorandum of Agreement (MOA) and Memorandum of Understanding (MOU) must be signed and properly recorded. The SO shall coordinate with installation personnel and the asset manager to secure any additional MOAs or MOUs that are appropriate to support the project.

4.2.11. Assistance Programs.

4.2.11.1. If the Federal Government transfers (or conveys) title to tax-exempt land to the SO, the land is no longer considered Federal property for Impact Aid purposes, and the school district receives low-level Impact Aid for children living in housing on that property if a parent is on active duty.

4.2.11.2. If the Federal Government retains title to land not subject to taxation and leases the land to a private SO, the land remains Federal property for Impact Aid purposes. Local school districts will continue to calculate its Impact Aid based on the number of eligible children living in PH on this land, even if the housing is owned by the SO and subject to state and local taxation.

4.2.11.3. The 2000 Reauthorization Act, 20 U.S.C. 7703 (b)(5)(C)), introduced a grandfather clause for children who continue to live on such property after it has been transferred to another entity and becomes subject to state taxation. If an installation privatizes housing by transferring both the land and improvements, children residing there at the time of the transfer will be deemed to be residing on Federal property for Impact Aid purposes. The Asset Manager will notify the appropriate local school district authorities of any changes to jurisdiction or ownership of land underlying the installation's Privatized Housing ownership within 60 days of the announced change.

4.2.11.4. The concept plan will address the potential of transferring any school population from one school or school district to another. The PDT will continue to evaluate the impact on school population as they develop and solicit the project. Close coordination with local school officials is essential to a successful MHPI.

4.2.12. Commercial Activities.

4.2.12.1. DoD 4165.63-M, Chapter 2, paragraph C2.6, sets guidelines for limited commercial activities to be carried out in FH and PH. Commercial activities are defined as business enterprises conducted for profit by family members assigned to the unit.

4.2.12.2. Specific limitations and authorizations will be established in the transaction documents and in the terms of the tenant lease.

4.2.12.3. Family child care in PH is permitted specifically by AFI 32-6001 and AFI 34-276, *Family Child Care Programs*. Approval must be coordinated between the tenant, SO, and installation as defined in the transaction documents. Modifications to the unit to accommodate family child-care are at the expense of the tenant, must be approved by the SO in advance, and must conform to the tenant's lease. The unit must be restored to its original condition at the end of the tenant's occupancy unless specified otherwise in the tenant's lease. Regardless of whether PH is located on or off base, installation and local licensing laws apply.

4.2.13. Eligibility.

4.2.13.1. Military Members. All members of the military service assigned to the installation, covered by support agreements, or Independent Duty personnel who are commissioned officers, warrant officers, and enlisted personnel on active duty and eligible for BAH at the with-dependent rate, and accompanied by dependents (or will be within 30 days), or military-married-to-military without dependents, are eligible for PH as identified in the transaction documents. For overseas locations, the dependents must be command sponsored to reside in PH. The military member should sign the PH lease or provision shall be made for a family member to sign utilizing the appropriate power of attorney.

4.2.13.2. Civilian Employees. The commander will establish procedures to determine the eligibility of civilian employees required to occupy PH as a condition of employment. Occupancy is limited to the period of service at the installation.

4.2.13.3. Foreign Personnel/Students. The project solicitation and transaction documents shall specify when foreign personnel/students are assigned PH, the rental rates for the units will be established at the time of assignment and will not increase for the period of occupancy. See AFI 32-6001, Table 4.1, Rule 6 and Note 2, concerning how to determine BAH rates.

4.2.14. Applications and Waiting Lists.

4.2.14.1. Applications. Management of the housing application process (including referrals for PH) should comply with transaction documents, AFI 32-6001, and other applicable Air Force guidance. Installation-specific processing requirements must be approved by the MAJCOM/CE.

4.2.14.2. Unauthorized Applications. All referrals to PH must be made through the housing office. Eligible members are not authorized to apply for PH if evicted for cause from a Government-sourced FH or PH unit unless authorized by the installation commander. Military members who have not been determined eligible by the housing manager are not authorized to apply for available PH.

4.2.14.3. Managing Waiting Lists.

4.2.14.3.1. The installation family housing flight will make the referral to the SO.

4.2.14.3.2. The project solicitation and transaction documents shall specify the SO maintain the waiting list for PH.

4.2.14.3.3. The installation's asset manager will obtain reports from the SO regarding personnel on the waiting list, wait times, and other information required by transaction documents.

4.2.14.3.4. The status of waiting lists for PH will be maintained in publicly accessible forums (e.g., kiosks, Internet). These lists must not include personal information restricted by the Privacy Act, such as social security numbers.

4.2.15. Referrals.

4.2.15.1. Housing Categories. Housing Categories. Referral to PH is based the eligibility of the military member as established in the transactional documents and AFI 32-6001, Chapter 2.

4.2.15.1.1. Specific PH units as GOQs or SCPs must be designated when required.

4.2.15.1.2. Certain areas or groups of PH units may be identified as prestige housing for E-9s or the highest ranking NCOs at the installation.

4.2.15.2. Referral Priorities. The Air Force will not guarantee occupancy of PH units. Freedom of housing choice by eligible military members (except where restrictive sanctions apply) will be preserved. All eligible military members assigned to the local area are required to process through the housing office upon arrival and prior to signing a lease for PH. The project solicitation and transaction documents specify SOs only accept referrals coordinated with the housing flight chief or FAS.

4.2.15.2.1. The housing flight will provide referrals to the SO for all eligible members within the target demographics and explain features of PH developed to meet the needs of the military family.

4.2.15.2.2. Each grade provides a certain rental income stream (BAH less utilities) to the SO. PH units are restricted to certain grades to maintain the income flow identified in the transaction documents. The rent structure must ensure that referral of military families to PH does not jeopardize the project income. The project income stream is to be based on the total income anticipated from the original project target demographics.

4.2.15.2.3. Over time, varying demographics may require a change to transaction documents and the mix of units available in the PH complex. The rent structure must ensure that the Gov-

ernment maintains flexibility in referral of eligible members to the project as demographics change. The income stream for the project must not be compromised.

4.2.15.2.4. The asset manager will review and recommend to the installation commander any demographic and referral changes.

4.2.15.2.5. Upon arrival at an installation, members may apply for both PH and FH, if available. If the eligible member chooses PH they are considered adequately housed for the duration of their assignment at the installation and are not eligible for FH unless their category of housing changes, e.g., change in rank or number of dependents. Any move based on change of category is at the member's own expense. For other exceptions to move from PH to FH, see paragraph 1.8.1.7. of this instruction, Chapter 5 of AFI 32-6001, and a specific projects transactional documents. In general, the effective date of these applications for FH is the walk-in date on which the member applies.

4.2.15.3. Vacancy Management and Referral Priorities for Noneligible Tenants.

4.2.15.3.1. The project solicitation and transaction documents shall specify vacancy rates be determined by dividing the total number of vacant available PH units by the total number of available PH units in the inventory. In addition, it shall be specified that units are not considered available when:

4.2.15.3.1.1. The unit is undergoing change of occupancy M&R that prohibits occupancy.

4.2.15.3.1.2. The unit does not meet standards contained in the transactional documents.

4.2.15.3.1.3. The unit is within 30 days after the issuance of a certificate of occupancy.

4.2.15.3.1.4. The unit is being held for an incumbent of a designated position, including GOQs, E-9 prestige, and SCPs.

4.2.15.3.1.5. The unit is under a signed lease.

4.2.15.3.2. The project solicitation and transaction documents shall specify the SO may rent to other than eligible members at market rates in accordance with the priority list provided in paragraph [4.2.15.3.5](#), only when vacancies have exceeded 5 percent for more than 3 consecutive months. The documents shall specify if this situation occurs, the SO may fill only the number of vacant units necessary to bring the vacancy rate to 5 percent using referred non-eligible members. For example, if a 5-percent vacancy rate is equivalent to 41 vacant units and there are 42 vacant units for 3 consecutive months, then the SO may fill only one unit with a referred non-eligible member, thus reducing the vacancy rate to 5 percent. The documents shall specify the SO be responsible for maintaining a referral list for non-eligible renters. The housing office may refer non-eligible renters to the SO to be placed on this list. The documents shall specify the SO must make this referral list available to the housing office at all times.

4.2.15.3.3. The project solicitation and transaction documents shall specify the commander may agree, on a case-by-case basis, to permit previously non-eligible renters (see paragraph [4.2.15.3.5](#)) to occupy vacant units if eligible members do not require the units, even though more than 95 percent of the units are occupied.

4.2.15.3.4. The project solicitation and transaction documents shall specify tenant leases for non-eligible members be limited to 1 year, and the authority of the SO to continue to rent to other than eligible members be reevaluated at the end of the lease term.

4.2.15.3.5. The project solicitation and transaction documents shall specify if the PH vacancy rate exceeds 5 percent for more than 3 consecutive months, the SO may offer units to previously non-eligible members in the following order after coordinating with the housing flight chief:

4.2.15.3.5.1. Category 1. Other active duty military member families not assigned to the installation.

4.2.15.3.5.2. Category 2. Unaccompanied military members assigned to the installation.

4.2.15.3.5.3. Category 3. Federal civil service employees.

4.2.15.3.5.4. Category 4. Retired military members and families.

4.2.15.3.5.5. Category 5. Guard and reserve military members with dependents.

4.2.15.3.5.6. Category 6. Retired Federal civil service members.

4.2.15.3.5.7. Category 7. DoD contractor permanent employees (US citizens).

4.2.15.3.5.8. Category 8. The project solicitation and transaction documents shall specify the SO will qualify the general public by income level and other established credit criteria. This category will not be utilized for on -base PH until the installation commander formally assumes any additional force protection risk created by the presence of persons in this category. If the risk is unacceptable to the installation commander, compensatory measures (such as, relocation of noneligible tenants, additional security fencing, etc) must be taken to mitigate the risks to a level acceptable to the installation commander. At a minimum, all general public persons authorized to live in PH shall have a criminal background check conducted as provided for by National Crime Information Center (NCIC) policy. The SO shall fund background checks IAW transactional documents. Security Forces will provide recommendations based on background checks to the installation commander through the Staff Judge Advocate and the PH Management Review Committee process. Results of criminal background checks will not be provided to anyone outside the respective AF installation law enforcement organization. Any felony conviction in the last ten (10) years including but not limited to weapons, explosives, assault, drugs, sex offenses, or theft shall constitute indisputable grounds for immediate elimination as a candidate for housing.

4.2.15.4. The project solicitation and transaction documents shall specify the SO should begin advertising for prospective tenants once the vacancy rate exceeds 5 percent. The asset manager should coordinate with the SO to ensure sufficient advertisement for prospective tenants in the local media. When advertising for 60 days or more fails to produce a sufficient number of applicants in categories 1 through 7, the SO may advertise to category 8 with notice to the Air Force.

4.2.16. Assignment Requirements and Priorities.

4.2.16.1. The project solicitation and transaction documents shall specify the SO has the sole responsibility for entering into lease agreements with referred tenants to PH.

4.2.16.2. The project solicitation and transaction documents shall specify the SO provide referred military families first consideration for available housing unless a unit is designated for general officers and SCP.

4.2.17. Insurance Coverage. The project solicitation shall specify the SO is responsible for real property damage and liability coverage, and will arrange for a private insurance company to provide renters insurance to referred active duty tenants as prescribed in the transactional documents.

4.2.18. Maintenance and Repair. The project solicitation and transaction documents shall specify the SO be responsible for M&R of PH and the level of minor M&R service provided by the SO will meet or exceed current FH levels.

4.2.19. Appropriated Funds.

4.2.19.1. Appropriated funds are not authorized for M&R, modification, or related expenses for PH except:

4.2.19.1.1. Readily removable government communications equipment is funded with other than military family housing (MFH) funds. Readily removable equipment can be unplugged and removed and is dependent on, but not a part of, the installed infrastructure.

4.2.19.2. Appropriated funds are authorized for furnishings for GOQ, SCP, and O-6 installation commander quarters as prescribed in AFI 32-6003 on the same basis as Government housing and are funded by FH operations funds (P-721).

4.2.19.3. Appropriated funds are not authorized to purchase US (American), state, or Air Force flags for PH.

4.2.20. Antiterrorism/Force Protection (AT/FP). ATFP requirements for PH may not be authorized and funded with appropriated funds such as FH M&R funds (P-722). AT & FP requirements for the project will be identified by the local installation using such resources as higher headquarters or installation vulnerability assessment (VA). In addition to the VA, ATFP construction requirements will be included in the project when more than twelve (12) units are combined into one building. During the planning and development phases, all ATFP requirements identified and validated will be specified in the project solicitation and transaction documents as the responsibility of the SO and all costs will be accounted for in the project financials. Subsequent to project closing, ATFP requirements will fall under management responsibilities of the installation Management Review Committee. The responsible installation will review the siting of the project for considerations for law enforcement response and force protection condition response capability.

4.2.20.1. ATFP of On-Base PH. The project solicitation and transaction documents shall specify that privatized housing on base shall receive the same FP as traditional government operated military family housing. The MRC shall plan for any additional force protection risks of the short and/or long-term presence of individuals in a waterfall scenario (para 4.2.15.3.5.) to including but not limited to threat or force protection conditions. Pending base 'lock-down' for threat or force protection conditions, non-DoD civilians residents passing security checks shall be provided unlimited access to privatized housing areas.

4.2.20.2. ATFP of Off-Base PH. The project solicitation and transaction documents shall specify that local law enforcement provide security of off-base PH areas. The documents shall specify that if specificity and imminence of a threat exists (also depending on the nature of the threat), AF/SF can provide additional FP to PH after coordination with local agencies to clarify concurrent/proprietary jurisdiction.

4.2.20.3. ATFP of Severed PH Areas. PH developments may include real estate that could be 'severed' from the installation, either through long-term lease or divestiture. If severed, the project

solicitation and transaction documents shall specify the SO shall include provisions to relocate the installation perimeter as necessary, and these 'severed' areas to be considered off base and be provided FP in accordance with para 4.2.20.2. above.

4.2.21. Housing Resident Brochure. The project solicitation and transaction documents shall specify the SO develop and publish a Housing Resident Brochure, which outlines tenant responsibilities and services provided by the SO. The document will specify the SO provide the proposed brochure to the asset manager prior to project closing for review and approval by the installation commander, and that the brochure be updated annually or whenever there is a significant change to the project. Appropriated funds are not authorized to develop or publish the Housing Resident Brochure.

4.3. Tenant Responsibilities.

4.3.1. Rent. All eligible tenants will pay monthly rent in arrears in the form of an allotment. All non-eligible tenants will pay rent in a form acceptable to the SO.

4.3.2. Disputes. Tenant responsibilities will be identified in the tenant lease. PH tenants must sign the lease and abide by its terms and conditions. Disputes between the tenant and SO may be referred to the housing flight chief. Unresolved disputes are settled using the provisions contained in the tenant lease and local laws. Disputes among tenants and eviction of tenants for issues not covered in the tenant lease will be referred by the asset manager to the base judge advocate to determine the commander's or local civilian authority's jurisdiction.

4.3.3. Tenant Liability. The tenant lease will define the tenant's liability and responsibility. Charges for damages due to tenant negligence, carpet replacement, pet damage, and other specific items will be in accordance with the tenant lease. Tenants should be encouraged, but not required, to carry supplemental personal renters insurance to that provided by the SO.

4.3.4. Self-help. Tenant use of the base appropriated fund self-help facility is not authorized. The SO is encouraged to provide a self-help program to foster pride of ownership in tenants and may provide a tenant self-help store. The tenant lease will provide specific guidance for authorized self-help work in the Housing Resident Brochure.

4.4. Requirement for Special Command Positions (SCP) and Key and Essential (K&E) Personnel.

4.4.1. SCP. The project solicitation and transaction documents shall specify that certain PH units may be designated for tenants occupying SCPs on an installation, and designated command PH may be held vacant pending arrival of new tenants or as established in the transaction documents.

4.4.2. K&E Positions. The project solicitation and transaction documents shall specify certain quarters are not designated for incumbents of K&E positions; however, certain areas or groups of houses may be designated for K&E personnel in PH. The documents shall specify the commander may require K&E personnel to occupy PH as a duty condition, and that K&E personnel who do not have a unit available to them upon arrival to the base move to the top of the appropriate waiting list.

4.5. General Officer Quarters (GOQ) and Special Command Positions (SCP).

4.5.1. PH projects may contain specific housing units designated as GOQs and SCPs as identified in the transaction documents.

4.5.2. The project solicitation and transaction documents shall specify that privatized GOQs may be held vacant pending arrival of new tenants as established in the transaction documents (see paragraph [4.2.15.3.1.4.](#)). The documents shall also specify that occupancy of an identified GOQ by any resident other than a General Officer must be approved by the installation commander and SO in writing.

4.5.3. Government material support for privatized GOQ and SCP housing is limited to furnishings (P721.14) that do not require fixed installation. The cost limitations for furnishings identified in AFI 32-6003 apply to privatized GOQs. The housing flight chief will track furnishing costs and maintain accountability.

4.5.4. Privatized GOQs should receive the same level of support and facility standards as Government GOQ housing. Air Force GOQ standards are considered the minimum standard for PH GOQs. Each GOQ's Individual Facility Profile will be provided to the offerors as the AF standard and requirements listing for the installations GOQs.

4.5.4.1. Unless identified in transaction documents as a SO responsibility, lawn maintenance will be the responsibility of the resident.

4.5.4.2. No officer may approve work for their own GOQ or for the GOQ of an officer senior in rank.

4.6. Retention and Termination.

4.6.1. Retention. The project solicitation and transaction documents shall specify when the status of a tenant changes and affects eligibility for PH, including hardship conditions and death of the military member, the tenant may request retention of PH. Requests for retention of PH must be coordinated with the SO and the asset manager before submitting the request to the commander for approval. Once approved, the member continues to pay rent at the existing rate, even if BAH is no longer authorized or has been reduced. Examples include retirement, separation, and incarceration. Retention of quarters cannot exceed 60 days unless approved by the SO and the installation commander.

4.6.2. Termination of Lease. Members must terminate their PH lease when they are no longer eligible for PH unless the installation commander approves retention of their quarters. Refer to transaction documents and tenant lease for termination procedures.

4.7. Inspections. The project solicitation and transaction documents shall specify that inspections associated with change of occupancy are the responsibility of the SO; however, the asset manager will provide quality oversight of 10 percent of all types of inspections projected during a given month. Transaction documents will prescribe procedures for dispute resolution.

4.8. Phase V – Project Closeout.

4.8.1. The project solicitation and transaction documents shall specify that at the expense of the SO and not later than the expiration of the term or earlier termination of the lease, the SO will remove all improvements of any kind placed or maintained on the premises. The documents shall specify the structures and improvements referred to include all that are placed on the leased property or maintained by the SO or others, and that the SO will also restore and return the premises to the Air Force in good, usable and build-able condition as specified in the transaction documents.

4.8.2. In accordance with the transactional documents, the Government and SO may negotiate an extension of the lease or the Government may acquire the improvements if authorized by legislation.

4.9. Forms.

4.9.1. Adopted: AF Form 3826, Quarterly Cost Report for General Officer Quarters; DD Form 1391, Military Construction Project Data.

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DCS/Installations & Logistics

Attachment 1**GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION*****References***

Title 5 U.S.C. Section 552a, *Records Maintained on Individuals*

Title 10 U.S.C. Section 2882, *Assignment of Members of the Armed Forces to Housing Units*

Title 20 U.S.C. Section 7703 (b)(5)(C), *Payments for Eligible Federally Connected Children*

Title 37 U.S.C. Section 701, *Allotments and Assignments of Pay*

Public Law No. (Pub. L. No.) 88-558, August 31, 1964, 78 Statute 767, *Military Personnel and Civilian Employees Claims Act of 1964*.

Pub. L. No. 104-106, *National Defense Authorization Act of 1996, as amended*

Pub. L. No. 106-398, *National Defense Authorization Act of 2001 (Cohen Initiative), Military Housing Privatization Initiative, as amended*

DoD 4165.63-M, *DoD Housing Management*, September 1993

DoD 7000.14-R, *DoD Financial Management Regulation*, Volume 7A, Volume 12, Chapter 4

DoD Instruction 7041.3, *Economic Analysis for Decision Making*, 7 November 1995

JFTR Volume 1, *Uniformed Service Personnel*

AFI 10-245, *Air Force Antiterrorism Standards*

AFI 32-1061, *Providing Utilities To US Air Force Installations*

AFPD 32-60, *Housing*

AFI 32-6001, *Family Housing Management*

AFI 32-6002, *Family Housing Planning, Programming, Design, and Construction*

AFI 32-6003, *General Officer Quarters*

AFI 32-6004, *Furnishings Management*

AFI 32-7061, *The Environmental Impact Analysis Process*

AFI 32-9002, *Use of Real Property Facilities*

AFI 32-9003, *Granting Temporary Use of Air Force Real Property*

AFH 32-9007, *Managing Air Force Real Property*

AFI 33-332, *Air Force Privacy Act Program*

AFI 34-276, *Family Child Care Programs*

AFI 65-501, *Economic Analysis*

AFM 32-1089, *Air Force Military Construction and Family Housing Economic Analysis Guide*

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Air Force Family Housing Guide for Planning, Design, and Construction

OMB Circular A-94, Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs

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OSD(C), *Initial Financial Management Policy and Procedures for Department of Defense Family Housing Improvement Fund*, 15 July 1996

DUSD(IA&I), *Military Housing Revitalization Program Policies and Procedures*, 3 December 1996

ADUSD(IA&I), *Nomination of FY 1997 Sites for Potential Housing Privatization*, 16 September 1996

DoD Office of General Counsel (DGC [A&L]), *Alternative Authority for Acquisition and Improvement of Military Housing; Applicability of the Federal Acquisition Regulation*, 5 March 1997

Housing Revitalization Support Office, *Congressional Notification Requirements for HRSO Initiatives*, 3 December 1996

Housing Revitalization Support Office, *Privatized Military Housing*, Concept Brief Format, 12 March 1997

Housing Revitalization Support Office, *Funds Appropriated Directly to Family Housing Improvement Fund*, 21 March 1997

SAF/MI, *Delegation of Authority to Implement Housing Privatization Initiatives Under 10 USC §§2871-2885*, 4 February 1997

SAF/MIQ, *Disclosure of Lead-Based Paint (LBP) and/or LBP Hazards in DoD Family Housing*, 3 March 1997

Abbreviations and Acronyms

AAFES—Army and Air Force Exchange Service

ACES-HM—Automated Civil Engineering System – Housing Management

ACM—Asbestos Containing Material

AF—Air Force (as used on forms)

AFCEE—Air Force Center for Environmental Excellence

AFCEE/HDP—AFCEE Housing Privatization Division

AFCESA—Air Force Civil Engineer Support Agency

AFI—Air Force Instruction

AFIPT—Air Force Housing Privatization Integrated Process Team

AF/CVA—Air Force Assistant Vice Chief of Staff

AF/DPRC—The Director of Personnel Resources, Compensation and Legislation Division

AF/IL—Air Force Deputy Chief of Staff for Installations and Logistics

AF/ILE—The Air Force Civil Engineer

AF/ILEH—Office of the Civil Engineer, Housing Division
AF/ILEHD—Office of the Civil Engineer, Housing Division, Program Development Branch
AF/ILEHM—Office of the Civil Engineer, Housing Division, Program Management Branch
AF/ILEHO—Office of the Civil Engineer, Housing Division, Housing Operations Branch
AF/ILEV—Office of the Civil Engineer, Environmental Division
AF/ILEX—Office of the Civil Engineer, Readiness and Installation Support Division
AF/ILV—Air Force Directorate of Services
AF/JA—The Air Force Judge Advocate General
AFLSA/JACN—Air Force Legal Support Agency, Commercial Litigation Division
AFMAN—Air Force Manual
AFPCE/LD—Air Force Center for Privatization Excellence Legal Division
AFPD—Air Force Policy Directive
AFRES—Air Force Reserve
AFRPA/RE—Air Force Real Estate Agency
ANG—Air National Guard
AST—Acquisition Support Team
AT—Antiterrorism
BAH—Basic Allowance for Housing
BCE—Base Civil Engineer
BES—Budget Estimate Submission
CP—Competition Plan
CSAF—Air Force Chief of Staff
DD—Department of Defense (as used on forms)
DCR—Debt Coverage Ratio
DeCA—Defense Commissary Agency
DFAS—Defense Finance and Accounting Service
DMAR—Deferred Maintenance and Repair
DOD—Department of Defense
DRU—Direct Reporting Unit
DUSD(I&E)—Deputy Under Secretary of Defense for Installations and Environment
EA—Economic Analysis
EBS—Environmental Baseline Survey

EIAP—Environmental Impact Analysis Process
ESG—Executive Steering Group
FAR—Federal Acquisition Regulations
FAS—Functional Area Staff
FH—Family Housing
FHA—Fair Housing Act
FHMP—Family Housing Master Plan
FHIF—Family Housing Improvement Fund
FP—Force Protection
FY—Fiscal Year
FYDP—Future Year Defense Program
GOQ—General Officer Quarters
H&CS—Housing and Competitive Sourcing
HAC—House Appropriations Committee
HASC—House Armed Services Committee
HCP—Housing Community Profile
HRMA—Housing Requirements and Marketing Analysis
HP—Housing Privatization
HQ USAF—Headquarters United States Air Force
IFP—Individual Facility Profile
IPT—Integrated Process Team
JA—Judge Advocate
JFTR—Joint Federal Travel Regulations
JSIVA—Joint Service Integrated Vulnerability Assessment
K&E—Key and Essential Personnel
LS/DFAS—DFAS Loan Servicer
M&R—Maintenance and Repair
MAJCOM—Major Command
MAJCOM/CC—MAJCOM Commander
MAJCOM/CE—MAJCOM Civil Engineer
MAJCOM/CV—MAJCOM Vice Commander
MFH—Military Family Housing

MHPI—Military Housing Privatization Initiative
MILCON—Military Construction
MOA—Memorandum of Agreement
MPCECA—Military Personnel and Civilian Employees Claims Act
MRC—Management Review Committee
MWR—Morale, Welfare and Recreation
NAFI—Nonappropriated Fund Instrumentality
NCO—Noncommissioned Officer
NOI—Net Operating Income
OMB—The Office of Management and Budget
O&M—Operations and Maintenance
OOP—Out-of-Pocket Expenses
OPR—Office of Primary Responsibility
OSD—Office of the Secretary of Defense
OSD(C)—Office of the Secretary of Defense Comptroller
OSD/CS&P—Competitive Sourcing and Privatization
OUSD(C)—Office of the Under Secretary of Defense Comptroller
PDT—Project Development Team
PEC—Program Element Code
PEP—Program Evaluation Plan
PH—Privatized Housing
POM—Program Objective Memoranda
PPBE—Planning, Programming, Budgeting and Execution System
PSC—Privatization Support Contractor
Pub. L.—Public Law
RDS—Records Disposition Schedule
RFI—Request for Interest
RFP—Request for Proposal
SA—Selection Authority
SAC—Senate Appropriations Committee
SAF—Secretary of the Air Force
SAF/AQC—Deputy Assistant Secretary of the Air Force for Contracting

SAF/AQCK—Deputy Assistant Secretary of the Air Force Contracting Operations Division

SAF/FM—Assistant Secretary of the Air Force (Financial Management and Comptroller)

SAF/FMB—Deputy Assistant Secretary of the Air Force for Budget

SAF/FMC—Deputy Assistant Secretary of the Air Force for Cost and Economics

SAF/FMCE—Deputy Assistant Secretary of the Air Force Directorate of Economics and Business Management

SAF/GC—Office of the General Counsel of the Air Force

SAF/GCN—Office of the General Counsel of the Air Force, Installations and Environment

SAF/GCQ—Office of the General Counsel of the Air Force, Acquisition Law

SAF/IE—Assistant Secretary for Installations, Environment, and Logistics

SAF/IEI—Deputy Assistant Secretary of the Air Force, Installations

SAF/LLP—Office of Legislative Liaison

SAFOS—Secretary of the Air Force Orders

SASC—Senate Armed Services Committee

SCP—Special Command Position

SECAF—Secretary of the Air Force

SF—Security Forces

SJA—Staff Judge Advocate

SO—Successful Offeror

SP—Selection Plan

TDY—Temporary Duty

UEPH—Unaccompanied Enlisted Personnel Housing

UFAS—Uniform Federal Accessibility Standards

UOQ—Unaccompanied Officer Quarters

U.S.C.—United States Code

Terms

Acquisition Support Team (AST)—This committee is chosen by the Selection Authority (SA) to evaluate proposals in the solicitation process and make recommendations to the SA.

Air Force Housing Privatization Integrated Process Team (AFIPT)—At Air Staff, a cross-functional working group responsible for setting policy and guidelines for implementing the privatization program. At installation level, the AFIPT is a cross-functional working group responsible for identifying project requirements and providing guidance to the PDT.

Asset Management—Installation-level oversight of a housing privatization project, which encompasses all of the activities relative to the award, operations, maintenance and overall health of the project. Asset

Managers work for the installation commander or his designated representative and directly interface with the SO and AFCEE's Portfolio Management function. The Asset Manager coordinates day-to-day operations at the installation with the SO and his property manager.

Basic Allowance for Housing (BAH)—The sum allotted to each service member to cover the cost of housing, including utilities and personal property insurance. The respective amount corresponds with the service member's rank and dependent status. Refer to Internet site at attachment [A3.8](#) for additional information.

With-Dependent Rate—An allowance given to defray the cost of housing for members and their families when Government quarters are not available.

Without-Dependent Rate—An allowance given members without dependents to defray the cost of housing when Government quarters are not available and they reside in other than Government owned/operated housing.

Differential—An allowance given to a member assigned to Government quarters who is not otherwise authorized BAH and pays child support. Such a member is entitled to BAH differential, except for the months for which the amount payable for the child support is less than the rate of the differential. The BAH differential equals the difference between BAH at the with-dependent rate and BAH at the without-dependent rate.

Partial BAH—A member without dependents who is assigned to single-type quarters and is otherwise not entitled to receive BAH but is entitled to partial BAH at the rates provided in DoD 7000.14-R, *DoD Financial Management Regulations*, Volume 7A, Chapter 26, Table 26-12.

Best Value—The proposal that offers military families the most outstanding quality designs, construction, and real estate services in a secure and well-planned community for the 50-year term, taking into consideration all evaluation factors set forth in the RFP.

Borrower—The SO, or any of its successors or assigns which are approved as the owner of the project by the Approval Authority prior to the closing date, and which is the borrower under a guaranteed loan, a direct second loan or any other financing secured by a mortgage on the project.

Certificate of Compliance—The certificate issued by the Air Force indicating that military tenants in accordance with the final plans have approved the project for occupancy. A certificate of compliance may be issued with respect to each phase, and the final certificate of compliance will refer to the certificate issued with respect to the last phase of the project.

Certificate of Occupancy—Certificate a local municipality issues for a housing unit on private land or on Government land to be conveyed that states that the unit has been inspected and meets all the requirements of the local building codes.

Civilian Employees—US civilian Federal employees paid from DoD appropriated or nonappropriated funds.

Complete—All information required to support the proposed costs and cost arrangements have been provided. Assumptions and estimates on which costs are based are clearly identified.

Command Positions—Commanders and vice commanders of MAJCOMs (if not designated as SCPs).

Command-Sponsored Dependent—A dependent entitled to travel to O/S commands at government expense and endorsed by the appropriate military commander to be present in a dependent's status.

Construction Period—The time frame from closing through the Government's verification of the SO's completion of all requirements identified in the final plans.

Debt Coverage Ratio (DCR)—Computed as project net operating income (NOI) divided by the debt service (principal and interest). For an MHPI project, there can be both a first and a second mortgage. The PEP Monitoring Matrix requires a first mortgage DCR calculation as well as a combined first and second mortgage DCR calculation, if applicable. (NOI is defined as income after all expenses, but before debt service and depreciation).

Eligible Member—All members of the military service assigned to the installation, covered by support agreements, or Independent Duty personnel who are commissioned officers, warrant officers, and enlisted personnel on active duty and eligible for BAH at the with-dependent rate, and accompanied by dependents (or will be within 30 days), and military married to military with no dependents.

Environmental Assessment (EA)—a concise environmental document prepared to determine whether an Environmental Impact Statement must be prepared or a Finding of No Significant Impact may be signed. It is used to aid decision-making when the potential for environmental effects from a proposal are reasonably certain and believed to be insignificant and a Categorical Exclusion is not appropriate, or available. An EA provides analysis of the potential environmental effects of the proposed action, reasonable alternatives, and the no-action alternative.

Equity—Funds provided by the SO to secure their participation within the projects. AF requires an apparent SO to contribute at least 5% of the total development costs in the form of an irrevocable letter of credit that is acceptable to the Government.

Executive Steering Group (ESG)—Cross-functional working group at Air Staff responsible for overall vision and oversight of the housing privatization program.

Extraordinary Costs or Expenditures—Costs for work on any privatized unit that benefits a tenant, but is not included in the Selected Offer, SO plans, or GOQ Individual Facility Profiles as consistent with the selected offer. Extraordinary costs may include changes or alterations to the physical layout of a dwelling unit, expansions that increase the unit area, services or service levels not included in the selected offer, chattel replaced or services provided before the end of their useful life, excluding damaged or requested items replaced and charged to the tenant. Extraordinary costs exclude all routine operation and maintenance activities. The PO reports extraordinary costs quarterly, by unit, to the Asset Manager who monitors the expenditures to ensure prudent funds usage.

Family Housing (FH)—Government-owned, -leased, and -acquired dwellings used as a residence for eligible military and civilian members and their families.

Federal Property—For Impact Aid purposes, real property (land) owned or leased by the Federal Government and not subject to taxation by any state or any political subdivision of a state due to Federal agreement, law, or policy. Includes any improvements (structures) on the real property, whether or not subject to taxation.

Final Plans—Final development plans and specification submitted by the SO in accordance with the requirements of the selected proposal and approved by the Government in accordance with the Lease of Property or the Use Agreement.

Government Quarters—Family and unaccompanied housing units that DoD owns, leases, obtains by permit, or otherwise acquires. Privatized housing is not Government housing.

Ground Lease—The lease of real property from the Government, as lessor, to the SO, as lessee, as amended or modified in accordance with its terms from time to time, granting certain rights in the Federal property to the lessee.

Guaranteed Lender—The maker of a mortgage loan for the project and which loan is the subject of a Guaranteed Loan.

Guaranteed Loan—A first lien mortgage loan in the original principal amount approved by the Government, from the Guaranteed Lender to the Borrower, the payment of which is guaranteed by the Approval Authority, under certain specified circumstances pursuant to the terms of the Guaranty Agreement.

Guaranteed Loan Documents—The note, the security instrument, and any related documents, evidencing or securing the obligations of the Borrower and Guaranteed Lender with respect to the Guaranteed Loan.

Guaranty Agreement—The Military Housing Loan Guaranty Agreement executed between the Approval Authority and the Guaranteed Lender pursuant to which the Approval Authority has agreed to guarantee the Guaranteed Loan.

Hardships—Unique and unusual circumstances that, in the commander's judgment, impose an extraordinary burden on a member not normally encountered by other members of similar grade at that installation.

Housing Allowance—See Basic Allowance for Housing.

Housing Resident Brochure—A handout prepared by the Property Owner, for residents of privatized housing, defining the parties' rights, responsibilities, and rules on the property.

Impact Aid—Low-level impact aid is paid for children living on private property, whose parents are on active duty, and serves to compensate the local area for the loss of local sales tax revenue due to the parents purchasing items tax-free on base. High-level impact aid is paid for those children who live on Federal property to reimburse the school district for the revenue they otherwise would have received from property tax. The amount paid by the Federal Government is approximately half the amount the state determines as the average cost to educate each child. The local area must cover the rest of the education costs, which is primarily done with local sales and property tax. Many states have the right to claim both high impact aid for those students who reside on federally leased land and have the ability to tax the real property improvements to the property, which now belongs to the SO. Local school districts may receive Federal Impact Aid from the Department of Education and/or the DoD for children of active duty military and civilians who work on military installations. When Government housing is privatized, impact aid may be affected, depending on whether the land is leased or conveyed.

Independent Duty (ID) Personnel—A group or a single member operating and subsisting away from any military concentration areas of the parent Service where a member could not reasonably expect to be supported by facilities (e.g., FH) of that parent Service.

Individual Facility Profile (IFP)—A profile of each GOQ that includes facility data such as the age and condition of quarters, improvement and major M&R requirements, and estimates for work accomplished via the O&M program or as a whole-house improvement project. This profile is updated every 3 years in conjunction with the updates of the Housing Community Profile (HCP). The IFP is the approved corporate view used to support GOQ M&R, minor alterations, and improvement projects.

Installation Commander—The senior commander at an installation responsible for all housing at that installation; referred to as the commander.

Key and Essential (K&E) Personnel—Service members and eligible civilian personnel required by the commander to reside on the installation because of military necessity and operational considerations.

Leverage—The use of borrowed funds to increase purchasing power. The MHPI leverage calculation is determined by dividing the projected MILCON development costs for a project by the OMB score amount (see Scored Cost definition). For example, the estimated MILCON development costs for a project are \$250 million and the OMB score is \$25 million; therefore, the leverage is \$250 million divided by \$25 million or 10:1.

Life Cycle Cost Analysis—a 50 year analysis of the cost to construct, renovate, maintain and operate a housing area. Costs in the analysis of the traditional MILCON approach are utilities, operations and maintenance, construction, drayage, manpower, and School Impact Aid Costs and Basic Allowance for Housing, scored costs, drayage, manpower and School Impact Aid costs in the privatization approach. Current guidance for calculating the Life Cycle Cost can be found in the web site at attachment [A3.2](#).

Lockbox Revenue Account—Account established by the SO which receives all project income and any other amounts otherwise required to be deposited by the account administrator, known as the Lockbox Agent. The conditions and terms of this account are defined within the transaction's legal instrument, known as the lockbox agreement.

Occupant—Personnel assigned to PH; synonymous with tenant.

Offeror—Entity submitting a proposal to complete a project.

Operating Agreement—The agreement executed by the Air Force and the lessee that sets forth certain detailed procedures and requirements to be followed by the lessee in operating and maintaining the leased land. If the operating agreement is amended, the amended agreement will be substituted for and incorporated into the ground lease or use agreement to replace the existing operating agreement.

Operations and Maintenance (O&M) Account—The account used to pay for the day-to-day expenditures by the SO for normal business activities.

Partnering—A concept of working together with frequent communication, normally involving weekly meetings with representatives of the SO and Government to answer questions and discuss and/or resolve problems and issues at the lowest level concerning daily activities of a housing privatization project.

Portfolio Management—Air Force long-term responsibility for the oversight of the PH project, including monitoring all aspects of the project during its life cycle, reporting the status of project requirements, and facilitating problem resolution.

Portfolio Manager—AF/ILE-delegated authority responsible for long-term oversight of the AF Military Housing Privatization Initiative projects beginning upon project closure and ending upon expiration of all project transactional documents to which the AF is a party, including all successive terms as may be negotiated or required by regulation.

Pre-leased—When the SO has a signed lease on a housing unit but has agreed that the individual can move in at a later, specified date.

Priority Referral—Government-approved list of categories of tenants, beyond the Government referrals provided to the SO. The list may be used by the SO to fill empty units under certain vacancy rate

conditions described in the RFP and the lease.

Privatization—The process of converting an Air Force-operated enterprise into a publicly or privately owned and operated entity.

Privatized Housing (PH)—Housing typically owned and operated by a private or public entity other than the Service concerned and which is intended primarily to meet the housing requirements for the Service members concerned. The projects used to acquire, construct, or operate this type of housing use any of the authorities under the National Defense Authorization Act of 1996, Subtitle A, Title XXVIII (Pub. L. 104-106), of the Government direct loans (debt transactions); loan guarantees; investments in non-government entities (equity transactions); rental guarantees; differential lease payments; conveyance or lease of existing property and facilities; interim leases; use of market standards for unit size and type; inclusion of ancillary supporting facilities; and assignment of members to PH units.

Program Evaluation Plan (PEP)—A semiannual summary reporting tool for Air Force and DoD leadership to assist in monitoring PH projects. The PEP measures the effectiveness of the PH project and evaluates its strengths and weaknesses in achieving military housing objectives.

Project Development Team (PDT)—Cross-functional team responsible for the development of the project concept and RFP.

Projected Rental Income—Rents expected from the project demographics less an adjustment for the SO's proposed vacancy rate, less the number of other unavailable units.

Property Manager—The business entity that manages the leasing, M&R, and customer relations for PH. This may be employees of a SO or a separate company under contract with the SO.

Referral—The act of determining PH eligibility and providing names and telephone numbers of potential tenants to the SO and SO information to the potential tenants.

Reinvestment Account—Interest-bearing account designed to provide funding to modernize privatized units or keep pace with market standards. Funds also used to restore PH facilities accelerated deterioration due to lack of sustainment, excessive age, natural disaster (storm damage), fire, accident, or other causes. Reinvestment also includes alteration of facilities solely to implement new or higher standards (including regulatory changes), quality of life enhancements, to accommodate new functions, or to replace building components that typically last more than 50 years.

Replacement Reserve Account—Account designed to provide sufficient funding to cover major renovation and improvements expected during the provision of PH. Such repair items include roof repair, appliance replacement, re-carpeting, re-paving, and similar capital improvements. Replacement Reserves shall cover sustainment costs including annual maintenance and scheduled repair activities to maintain the inventory of real property assets through its expected service life. It also covers major repairs or replacement of facility components that are expected to occur periodically throughout the life cycle of facilities. This work includes regular roof replacement; refinishing of wall surfaces; repairing and replacement of heating and cooling systems; replacing tile and carpeting; and similar types of work. The Replacement Reserves shall not include restoration, modernization or historical preservation.

Restrictive Sanctions—The action taken by a commander to prevent DoD personnel from residing in a housing facility or entering into a new lease or purchase agreement with an owner, agent, or manager of a housing facility found to have discriminated against DoD personnel. Restrictive sanctions are effective against the agent and the facility.

Scored Cost—Government funds obligated at contract signing in accordance with the Federal Credit Reform Act of 1990 to meet the Government's legal obligations under the terms of the contract. The Government's obligation is a function of the risk of default on a private first lien with a Government Limited Loan Guarantee, the risk of default on a Government Direct Loan, the interest subsidy on a Government Direct Loan, the total of the project's differential rent payments, and the total Government equity provided to the project.

Selection Authority (SA)—This individual directs the solicitation process and makes the final selection for the installation and headquarters based upon the recommendations of the AST.

Severable—Being able to place a fence around a Military Family Housing (FH) area and to obtain access to the area from a public road (fence or access to be provided only if housing is severed in the future, not immediately upon privatization).

Special Command Position (SCP)—A position designated by OSD (DA&M) according to DODD 1100.12. A general officer or civilian equivalent occupies the position and carries public entertainment responsibilities that require the incumbent to represent the interests of the United States in official and social activities involving foreign or domestic dignitaries. Typically these positions are limited to general officers in the grade of O-10; however, generals in a lower grade may be designated as SCP if the incumbent is:

- Responsible directly to the Secretary of Defense or the secretary of a military department.
- The top US representative in an international, political, or military group.
- The commandant, director, president, or superintendent of a DOD or service college or academy.

Successful Offeror (SO)—The business entity awarded the contract to plan, design, develop, renovate, construct, own, operate, maintain, demolish, and manage PH at an Air Force installation. This typically is a private businessperson, company, or legal entity that has the expertise, experience, capital resources, and professional licenses to build FH units on either developed or undeveloped land.

Tenant—Personnel assigned to PH; synonymous with occupant.

Tenant Lease—The residential lease required to be executed by each military tenant prior to occupancy of PH, the form and material provisions of which will be approved in advance by the Air Force. The particular terms of the tenant lease may vary depending on the state in which the installation is located.

Transaction Documents—Refers collectively to all the documents executed between the Government and the SO concerning the premises on which the PH is located and the ownership, operation, demolition, rehabilitation and construction of the improvement on those premises. They typically include all or some of the following: lease of property; quitclaim deed; operating agreement; use agreement; forward commitment; inter-creditor agreement; guaranty agreement; notes and mortgages for Government limited guaranteed or direct loans; lockbox agreement; and counsel opinion letters. These documents are maintained by AFCEE for each Air Force PH project. Generic information on these types of documents is contained in a generic RFP available from the AFCEE website (attachment [A3.5](#).)

Use Agreement—The legal agreement between the Government and the SO for SO-provided land, as amended or modified in accordance with its terms, and which sets forth, among other items, the restrictive covenants and requirement imposed upon the real property. It is normally only used for non-federal property.

Utility Allowance—110 percent of the monthly estimated average utility consumption for each unit type,

multiplied by actual utility rates or a methodology approved by the Government.

Utilities Privatization—The selling of the utilities infrastructure to a public or private utility for the purpose of owning, operating, and maintaining the utility system. It does not necessarily include the sale or purchase of the utility commodity. For more information, see the AFCESA website on utility privatization at attachment [A3.6](#).

Utility Reserve Account—An account designed to ensure that members' out-of-pocket expenses are eliminated for reasonable utility consumption during local utility rate spikes. It provides the SO a steady income stream while ensuring no financial hardship to the tenant.

Watch List— The Watch List will include projects that exhibit weakness or weaknesses that threaten their viability. Weaknesses may include, but are not limited to, sharp declines in or prolonged weakness in occupancy rates, sharp declines in or prolonged deterioration of the physical condition of housing, sharp declines in, prolonged weakness in or prolonged deterioration of cash flows, and any loan default or violation of Transaction Documents.

Windfall Income Account—An account generated from the gross income solely attributable to increases in BAH due to the Cohen Initiative in the National Defense Authorization Act of 2001 (Pub. L. 106-398) to eliminate service members' out-of-pocket expenses by 2005. After any Government loan or loan guarantees have been eliminated, these funds will be placed in the reinvestment account and can be used for projects to improve quality of life within the PH community. Examples of such projects are playgrounds, swimming pools, and running tracks.

Attachment 2

SAMPLE DD FORM 1391

Figure A2.1. Sample DD Form 1391.

1. COMPONENT AIR FORCE		FY <u>20XX</u> MILITARY CONSTRUCTION PROJECT DATA		2. DATE (YYYYMMDD)	REPORT CONTROL SYMBOL DD-A&T(A)1610
3. INSTALLATION AND LOCATION BLUE AIR FORCE BASE, EVERYWHERE			4. PROJECT TITLE PRIVATIZE FAMILY HOUSING		
5. PROGRAM ELEMENT 8.87.42	6. CATEGORY CODE 711-111	7. PROJECT NUMBER XXXXX020006	8. PROJECT COST (\$000) \$25,000		
9. COST ESTIMATES					
ITEM	U/M	QUANTITY	UNIT COST	COST (\$000)	
PRIVATIZE FAMILY HOUSING	UN	500	50,000.00	25,000,000.00	
SUBTOTAL				0.00	
TOTAL CONTRACT COST				0.00	
TOTAL REQUEST				0.00	
				0.00	
				0.00	
				0.00	
				0.00	
				0.00	
				0.00	
10. DESCRIPTION OF PROPOSED CONSTRUCTION					
<p>Convey 300 existing units and construct 200 units for a privatization end state of 500 units on approximately 100 acres of leased land. Without privatization, the MILCON cost for this work is \$125M for an anticipated leverage of 5:1. Privatized units will provide general interior and exterior modernization and renovation. Includes utility upgrade and additions to meet current standards. Upgrade kitchens, bathrooms and floor coverings, improves floor plans, provides increased energy efficiency, privacy fencing, patios, playgrounds and recreation areas. Includes demolition and asbestos/lead-based paint removal.</p> <p>11. Requirement: 500 UN ADEQUATE: 0 UN SUBSTANTARD: 500 UN</p> <p>PROJECT: Privatize Military Family Housing. (Current Mission)</p> <p>REQUIREMENT: This project is required to provide modern and efficient housing for military members and their dependents stationed at Blue AFB. 300 units will be upgraded to meet current life safety codes and to provide a comfortable and appealing living environment comparable to the off-base civilian community. Additionally, 200 new units will be constructed to reduce the projected deficits. All units will meet "whole house" standards and are programmed in accordance with the Housing Community Profile. Renovated housing will provide a modern kitchen, living room, family room, and bedroom and bath configuration, with ample interior and exterior storage. Living units will be expanded to meet current space authorizations. Single car garages and off street parking will be provided where deficient.</p>					
DD FORM 1391, JUL 1999					
PREVIOUS EDITION IS OBSOLETE.					
Reset				PAGE NO. 1	

1. COMPONENT AIR FORCE	FY _____ MILITARY CONSTRUCTION PROJECT DATA (Continuation)		2. DATE (YYYYMMDD)	REPORT CONTROL SYMBOL DD-A&T(A)1610
3. INSTALLATION AND LOCATION BLUE AIR FORCE BASE, EVERYWHERE		4. PROJECT TITLE PRIVATIZE FAMILY HOUSING		
5. PROGRAM ELEMENT 8.87.42	6. CATEGORY CODE 711-111	7. PROJECT NUMBER XXXXX020006	8. PROJECT COST (\$000) 25,000.00	
<p>CURRENT SITUATION: This project upgrades and modernized housing, which was constructed in 1958. These 40 year-old houses require major renovation and repair to correct deterioration resulting from age and heavy use. They have had no major upgrades since construction, and do not meet the needs of today's families, nor do they provide a modern home improvement. Kitchen and bathroom cabinets and fixtures are obsolete and deteriorated. Counter tops are warped, stained, and separating at the seams. Plumbing and lighting fixtures are deteriorated and date. The electrical systems do not meet modern construction codes. Ground fault circuit interrupter protection is not provided for bathrooms, kitchens, and exterior circuits. Flooring is stained, loose and mismatched due to non-availability of original materials for replacement. Windows, siding, and insulation require replacement. The units have inadequate living space and storage, and no patio or backyard privacy. Landscaping and recreation areas for housing residents are deficient. Pavement areas need renovation.</p> <p>IMPACT IF NOT PROVIDED: Units will continue to deteriorate rapidly, resulting in increasing operations, maintenance and repair costs to the Government and inconvenience to residents. Without this project repair of these units will continue in a costly, piecemeal fashion with little or no improvement in living quality. Housing market analysis shows an on-base housing deficit of 230 units.</p> <p>WORK ACCOMPLISHED IN PREVIOUS THREE YEARS: NONE</p> <p>WORK PROGRAMMED FOR NEXT THREE YEARS: NONE</p> <p>ADDITIONAL: The Installation Commander agrees these units are (are not) severable according to the criteria contained in the 20XX Air Force Family Housing Master Plan. This project contains no resale merchandise, services or commercial recreation operations or activities IAW the SAF/MI Housing Privatization Interim Operating Instructions memo dated 2 Mar 99 and AF/IL memo dated 19 Mar 99. A viable pro forma and a preliminary economic analysis will be developed and provided during the concept approval process, and certified economic analysis will be accomplished prior to completion of the solicitation process. The local school authority indicates a capability exists to accept the increased student population generated by this project. In the event the privatization project is financially infeasible, the Air Force will execute an improvement project for 300 units at the programmed amount requested by this project IAW the installations Housing Community Plan. Base Civil Engineer: Lt Col John Doe, DSN 123-4567</p>				

Attachment 3

WEB SITES

A3.1. OSD/OSD/CS&P posts the housing privatization legislation, OSD program status, and project status on this site: <http://www.acq.osd.mil/housing/>.

A3.2. SAF/FMC posts guidance on the housing privatization pro forma, economic analysis, scoring report and other guidance on this site: <http://www.saffm.hq.af.mil/>.

A3.3. AF/ILEH posts housing project call letters, manuals, and guides on this site: <https://www.il.hq.af.mil/ile/ileh/index.cfm?osymbol=ileh>.

A3.4. AF/ILEHM posts updates to the Air Force housing privatization program, quarterly reports, and mandatory templates (Concept Plan Briefing TBA) on this site: <https://www.il.hq.af.mil/ile/ileh/ilehm.cfm?osymbol=ileh>.

A3.5. HQ AFCEE posts a newsletter, an overview of housing privatization, project maps, project summaries and links, policy and guidance and references, business opportunities, training, and the PEP on this site: <http://www.afcee.brooks.af.mil/dc/dcp/news/>. Policy, guidance, and references include, but are not limited to, the housing privatization Generic RFP (including Appendices), the Air Force Privatization Execution Guide, and OMB scoring guidance.

A3.5.1. Standardized Air Force Housing Brochure:

<http://www.e-publishing.af.mil/pubfiles/af/32/afh32-6009/afh32-6009.pdf>

A3.5.2. The Air Force Housing Privatization Execution Guide:

<http://www.afcee.brooks.af.mil/dc/dcp/news/download/ExecutionGuide.pdf>

A3.5.3. Generic Request For Proposal:

<http://www.afcee.brooks.af.mil/dc/dcp/news/default.asp?topicID=9>

A3.5.4. Scoring:

<http://www.afcee.brooks.af.mil/dc/dcp/news/outreach/CostScoring.pdf>

A3.6. AFCESA website providing information for utility privatization:

<http://www.afcesa.af.mil/Directorate/CEO/Contracts/UtilPrivatization/default.htm>.

A3.7. Air Force Institute of Technology (AFIT): posts information on Civil Engineering and Services training on this site: <http://www.afit.edu/>.

A3.8. Basic Allowance for Housing Information: Additional information for per diem and BAH. <http://www.dtic.mil/perdiem/bah.html>